

1927

c 218 Companies Act

Ontario

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SECTION XIII.

COMPANIES AND CORPORATIONS.

CHAPTER 218.

The Companies Act.

1. In this Act,

Interpreta-
tion.

- (a) "Company" shall mean a company having a capital divided into shares; "Company."
- (b) "Corporation" shall include a company whether with or without share capital; "Corpora-
tion."
- (c) "Private company" shall mean a company as to which by special Act, letters patent or supplementary letters patent "Private
company."
 - (i) The right to transfer its shares is restricted,
 - (ii) The number of its shareholders, exclusive of persons who are in the employment of the company, is limited to fifty, two or more persons holding one or more shares jointly being counted as a single shareholder, and
 - (iii) Any invitation to the public to subscribe for any shares, debentures, or debenture stock of the company is prohibited;
- (d) "Public company" shall mean a company not being a private company within the meaning of clause c. R.S.O. 1914, c. 178, s. 2. "Public
company."

PART I.

INCORPORATION, RE-INCORPORATION, AMALGAMATION.

What corporations may be incorporated by letters patent.

Exceptions.

Rev. Stat. c. 223.

Incorporation of private company with limited objects.

Rev. Stat. c. 223.

Rev. Stat. c. 29.

Powers of Provincial Secretary.

Incorporation with share capital.

Contents of petition.

2.—(1) The Lieutenant-Governor may, by letters patent, grant a charter to any number of persons, not less than five, of the age of twenty-one years, who petition therefor, constituting such persons and any others who have become subscribers to the memorandum of agreement hereinafter mentioned and persons who thereafter become shareholders or members in the corporation thereby created a corporation for any of the purposes to which the authority of this Legislature extends, except those of railway and incline railway and street railway companies, and corporations within the meaning of *The Loan and Trust Corporations Act*. R.S.O. 1914, c. 178, s. 3; 1924, c. 47, s. 2.

(2) Notwithstanding anything in subsection 1 contained a private company may be incorporated under this Act with power to lend and invest money on mortgage of real estate or otherwise, and shall not by reason thereof be deemed a corporation within the meaning of *The Loan and Trust Corporations Act*, but the number of its shareholders shall be limited by its letters patent or supplementary letters patent to five, and no such company shall issue bonds, debentures or debenture stock, or borrow money by the hypothecation of its securities except from the shareholders of the said company or receive money on deposit; provided that any such company shall be liable to payment of taxes as a loan corporation under section 3 of *The Corporations Tax Act*. 1926, c. 48, s. 2.

3. The Provincial Secretary may, under the seal of his office, have, use, exercise and enjoy any power, right or authority conferred by this Act on the Lieutenant-Governor but not those conferred on the Lieutenant-Governor in Council. R.S.O. 1914, c. 178, s. 4.

4.—(1) The applicants for the incorporation of a company may petition the Lieutenant-Governor for the grant of a Charter.

(2) The petition, Form 1, shall show:

- (a) the proposed name of the company;
- (b) the objects for which the company is to be incorporated;
- (c) the place within Ontario where the head office of the company is to be situate;
- (d) the amount of the capital of the company, the number of shares, and the amount of each share;

(e) the name in full, the place of residence and the calling of each of the applicants;

(f) the names of the applicants, not less than three, who are to be the provisional directors of the company.

(3) The petition shall be accompanied by a memorandum of agreement in duplicate, Form 2, signed by the petitioners. Memo-randum of agreement.

(4) Each petitioner shall be a *bona fide* subscriber in his own right for the share or shares which by the memorandum of agreement he agrees to take. Petitioners to be bona fide subscribers for shares.

(5) The petition may ask to have embodied in the letters patent any provision which under this Act might be embodied in a by-law of the company. R.S.O. 1914, c. 178, s. 5. Prayer for insertion of special clauses.

5.—(1) Any or all of the shares of any company may be issued without any nominal or par value, provided there be included in its letters patent, the following statements: No par value shares

(a) The total number of shares that may be issued by the company;

(b) The number of shares, if any, which are to have a par value and the par value of each;

(c) The number of shares which are to be without par value; and

(d) Either one of the following clauses:

(i) The capital of the company shall be at least equal to the sum of the aggregate par value of all issued shares having par value, plus dollars (*the blank space being filled in with some number representing one dollar or more*) in respect to every issued share without par value, plus such amounts as, from time to time, by by-law of the company, may be transferred thereto; or

(ii) The capital of the company shall be at least equal to the sum of the aggregate par value of all issued shares having par value, plus the aggregate amount of consideration received by the company for the issuance of shares without par value, plus such amounts as, from time to time, by by-law of the company, may be transferred thereto.

(2) There may also be included in such letters patent an additional statement that the capital shall not be less than dollars (*the blank space being filled in with a number*). Such statements in the letters patent shall be in Amount of capital.

lieu of any statements prescribed by this Act as to the amount of its capital stock or the number of shares into which the same shall be divided, or of which it shall consist.

Ranking of
shares.

(3) Subject to the designations, preferences, privileges and voting powers or restrictions or qualifications granted or imposed in respect to any class of shares, each share with or without par value shall be equal to every other share of the same class.

Sale of
shares.

(4) A company may issue and may sell its authorized shares without par value from time to time:—

- (a) for such consideration as may be prescribed in such letters patent; or
- (b) for such consideration as shall be the fair market value of such shares, and in the absence of fraud in the transaction, the judgment of the board of directors as to such value shall be conclusive; or
- (c) in the absence of fraud in the transaction, for such consideration as from time to time may be fixed by the board of directors pursuant to authority conferred in such letters patent; or
- (d) for such consideration as shall be consented to or approved by the holders of a majority of the shares entitled to vote at a meeting called in the manner prescribed by the by-laws, provided the call for such meeting shall contain notice of such purpose;

and any and all shares issued as permitted by this section shall be deemed fully paid and non-assessable, and the holder of such shares shall not be liable to the company or to its creditors in respect thereto. 1924, c. 47, s. 3.

Incorporation without
share capital.

6.—(1) The applicants for the incorporation of a corporation not having share capital may petition the Lieutenant-Governor for the grant of a charter.

Contents of
petition.

(2) The petition, Form 3, shall show:

- (a) the proposed name of the corporation;
- (b) the objects for which the corporation is to be incorporated;
- (c) the place within Ontario where the head office of the corporation is to be situate;
- (d) the name in full, the place of residence and the calling of each of the applicants;
- (e) the names of the first directors of the corporation.

(3) The petition shall be accompanied by a memorandum of agreement in duplicate, Form 4, signed by the petitioners setting out such regulations as may be deemed expedient for:

Memorandum of agreement.

- (a) the election of members, trustees, directors and officers;
- (b) the holding of meetings of members, trustees and directors;
- (c) the establishment of branches;
- (d) the payment of directors, trustees, officers and employees; and
- (e) the control and management of the affairs of the corporation.

(4) The memorandum shall be expressed in separate paragraphs numbered consecutively, and the petitioners may adopt all or any of the provisions of Form 4 or may substitute others therefor. R.S.O. 1914, c. 178, s. 6.

Form of.

7. In so far as the letters patent and supplementary letters patent do not exclude or modify the regulations in Form 4, those regulations shall, so far as practicable, be the regulations of a corporation not having share capital in the same manner and to the same extent as if they were contained in the letters patent or supplementary letters patent. R.S.O. 1914, c. 178, s. 7.

Effect of regulations in memorandum.

8. The Lieutenant-Governor on an application for letters patent or supplementary letters patent may give to the corporation a name different from its proposed or existing name, as the case may be, and may vary the objects or other provisions or terms stated in the petition or memorandum of agreement. R.S.O. 1914, c. 178, s. 8.

Change of name or terms of application.

9. A corporation without share capital heretofore or hereafter incorporated, with the consent in writing of all its members, may by by-law provide for the creation of a capital divided into shares and for the allotment and payment of such shares and may fix and prescribe the rights and privileges of the shareholders; but no such by-law shall take effect until confirmed by letters patent or by supplementary letters patent. R.S.O. 1914, c. 178, s. 9.

Creation of capital of corporation not already having share capital.

10.—(1) Any two or more corporations to which this Act applies having the same or similar objects within the scope of this Act, may, in the manner herein provided, amalgamate and may enter into all contracts and agreements necessary to such amalgamation.

Amalgamation of corporations.

(2) The corporations proposing to amalgamate may enter into a joint agreement for the amalgamation prescribing the terms and conditions thereof, the mode of carrying the same

Joint agreement between directors proposing to amalgamate, etc.

into effect, and stating the name of the new corporation, the names, callings, and places of residence of the first directors thereof and how and when the subsequent directors shall be elected, with such other details as may be necessary to perfect the amalgamation and to provide for the subsequent management and working of the new corporation, and in cases of companies the number of shares of the capital, the par value of each share, and the manner of converting the share capital of each of the companies into that of the new company.

Submission to shareholders or members of each corporation.

(3) The agreement shall be submitted to the shareholders or members of each of the corporations at a general meeting thereof called for the purpose of taking the same into consideration.

Consideration of agreement and certificate of adoption.

(4) At such meetings of the shareholders or members the agreement shall be considered, and if two-thirds of the votes of all the shareholders or members of each of such corporations are for the adoption of the agreement that fact shall be certified upon the agreement by the secretary of each of such corporations under the corporate seal thereof.

Petition for confirmation by letters patent.

(5) Thereupon the several corporations by their joint petition may apply to the Lieutenant-Governor for letters patent confirming the agreement, and on and from the date of the letters patent the corporations shall be deemed and taken to be amalgamated and to form one corporation by the name in the letters patent provided, and the corporation so incorporated shall possess all the property, rights, privileges and franchises and be subject to all the liabilities, contracts, disabilities and duties of each of the corporations so amalgamated. R.S.O. 1914, c. 178, s. 10.

Re-incorporation of corporation.

11. A corporation incorporated for purposes or objects within the scope of this Act, whether under a special or general Act, and being at the time of its application a subsisting and valid corporation, may apply for letters patent under this Act; and the Lieutenant-Governor may grant letters patent incorporating the shareholders or members of the corporation as a corporation under this Act. R.S.O. 1914, c. 178, s. 11.

Extension of powers on re-incorporation.

12. Where an existing corporation applies for the issue of letters patent under the provisions of the next preceding section, the Lieutenant-Governor may, by letters patent, limit the powers of the corporation or extend them to such other objects, within the scope of this Act, as the applicant desires, name the first directors of the new corporation and give to it the name of the old corporation or any other name. R.S.O. 1914, c. 178, s. 12.

Rights of creditors preserved.

13. All rights of creditors against the property, rights and assets of a corporation amalgamated or re-incorporated under the provisions of this Act, and all liens upon its pro-

perty, rights and assets shall be unimpaired by such amalgamation, or re-incorporation, and all debts, contracts, liabilities and duties of such corporation shall thenceforth attach to the new or re-incorporated corporation and may be enforced against it to the same extent as if such debts, contracts, liabilities and duties had been incurred or contracted by it. R.S.O. 1914, c. 178, s. 13.

14. A private company may be converted into a public company by supplementary letters patent if, Conversion of private company into a public company.

(a) a resolution determining that it is expedient that the company should be so converted is passed by a two-thirds vote of the shareholders at a general meeting of the company called for the purpose of considering the resolution, and Resolution therefor.

(b) the company files with the Provincial Secretary such a statement in lieu of a prospectus as the company, if a public company, would have had to file before allotting any of its shares or debentures or a prospectus together with such a statutory declaration as the company if a public company would have had to file before commencing business. R.S.O. 1914, c. 178, s. 14. Filing statement, etc.

15.—(1) Where a corporation has ceased to carry on business except for the purpose of winding up its affairs and has no debts or obligations that have not been provided for or protected the directors may pass by-laws for distributing the assets of the corporation or any part of them among the shareholders and in any case where the corporation has issued both preference and common shares, such by-laws may provide for distributing any part of the assets, in specie or otherwise, rateably among the holders of preference shares, and the remainder of such assets rateably among the holders of common shares. R.S.O. 1914, c. 178, s. 15 (1); 1915, c. 20, s. 18 (1). Distribution of assets on ceasing to carry on business.

(2) The by-law shall not take effect unless or until it is confirmed by a two-thirds vote of the shareholders present in person or by proxy at a general meeting duly called for considering the same and by the Lieutenant-Governor in Council. R.S.O. 1914, c. 178, s. 15 (2). Conditions.

(3) When so confirmed any such by-law shall be valid and binding upon all shareholders of the corporation. 1915, c. 20, s. 18 (2). Confirmation of by-law for distribution.

16.—(1) The directors of a corporation may pass a by-law authorizing an application to the Lieutenant-Governor for the issue of supplementary letters patent providing for,— Supplementary letters patent for certain purposes.

(a) increasing or decreasing the capital; Varying capital stock.

- Re-dividing shares. (b) re-dividing the capital of the corporation into shares of smaller or larger amount;
- Varying powers. (c) limiting the powers of the corporation or extending them to such objects within the scope of this Act as the corporation may desire; R.S.O. 1914, c. 178, s. 16 (1), cls. (a-c).
- Varying borrowing powers. (d) limiting or increasing the amount which the corporation may borrow upon debentures or otherwise where such amount is specified in the letters patent or supplementary letters patent of the corporation; R.S.O. 1914, c. 178, s. 16 (1), cl. (d); 1916, c. 35, s. 2.
- Amending charter. (e) varying any provision contained in the special Act or letters patent or supplementary letters patent;
- Making other provisions. (f) any other matter or thing in respect of which provision might have been made had the corporation been incorporated under this Act. R.S.O. 1914, c. 178, s. 16 (1), cls. (e, f).
- Changing shares from par value to no par value. (g) changing all or any of its previously authorized shares with par value, issued or unissued, into the same or a different number of shares of any class or classes without par value;
- From no par value to value. (h) changing all or any of its previously authorized shares without par value, issued or unissued, into the same or a different number of shares of any class or classes with par value;
- Classifying shares. (i) classifying or re-classifying any shares, either with or without par value. 1924, c. 47, s. 4.
- Confirming by-law. (2) The application shall not be made until the by-law has been confirmed, in the case of a company, by a vote of the shareholders present or represented by proxy, at a general meeting duly called for considering the same, and holding not less than two-thirds of the issued capital stock represented at such meeting or, in the case of a corporation not having share capital, by a vote of two-thirds of the members so present or represented as the case may be.
- Increase of capital. (3) The capital shall not be increased until ninety per centum of the authorized capital has been subscribed and fifty per centum paid thereon.
- Rights of creditors preserved. (4) On a reduction of the capital of a company the liability of shareholders to persons who at the time of such reduction are creditors shall remain 'as though the reduction had not been made. R.S.O. 1914, c. 178, s. 16 (2-4).
- Sufficiency of material to be established. **17.** Before letters patent or supplementary letters patent are issued the applicants shall establish to the satisfaction of the Provincial Secretary the sufficiency of the petition,

memorandum of agreement, by-laws, resolution and all documents filed on such application, and shall furnish such evidence of the *bona fides* of the application as he may deem necessary. R.S.O. 1914, c. 178, s. 17.

18. The Provincial Secretary, or any officer to whom the application may be referred, may take evidence under oath. R.S.O. 1914, c. 178, s. 18.

Proof of matters under this Act.

19. The letters patent or supplementary letters patent may impose any conditions with respect to the by-laws of a corporation or any amendments thereof, and in such event the corporation shall not carry on its undertaking, or any part thereof, nor shall the by-laws be of any force or validity until the conditions so imposed are complied with. R.S.O. 1914, c. 178, s. 19.

Conditions may be imposed in letters patent.

20. The letters patent or supplementary letters patent may authorize the Provincial Secretary whenever he sees fit to appoint an auditor to examine the books of the corporation or an inspector to inspect its undertaking and affairs, or to call a general meeting of its shareholders or members, upon such terms as may be therein set out. R.S.O. 1914, c. 178, s. 20.

Providing for appointment of auditor.

21. Notice of the granting of letters patent or supplementary letters patent shall be given forthwith by the Provincial Secretary in the *Ontario Gazette*. R.S.O. 1914, c. 178, s. 21.

Notice of issuing letters patent.

22. A corporation shall be deemed to be existing from the date of the letters patent incorporating the same. R.S.O. 1914, c. 178, s. 22.

Commencement of existence.

23.—(1) A company shall possess as incidental and ancillary to the powers set out in the letters patent or supplementary letters patent power to,

Powers incidental to company.

(a) carry on any other business, whether manufacturing or otherwise, capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights;

(b) acquire or undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the company is authorized to carry on, or possessed of property suitable for the purposes of the company;

- (c) apply for, purchase or otherwise acquire any patents, licenses, concessions and the like, conferring any exclusive or non-exclusive, or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the company, or the acquisition of which may seem calculated directly or indirectly to benefit the company, and to use, exercise, develop or grant licenses in respect of, or otherwise turn to account the property, rights or information so acquired;
- (d) enter into partnership or into any arrangement for sharing of profits, union of interests, co-operation, joint adventure, reciprocal concession or otherwise, with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the company is authorized to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit the company; and to lend money to, guarantee the contracts of, or otherwise assist any such person or company, and to take or otherwise acquire shares and securities of any such company, and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same;
- (e) subject to section 96 take, or otherwise acquire and hold, shares in any other company having objects altogether or in part similar to those of the company or carrying on any business capable of being conducted so as directly or indirectly to benefit the company;
- (f) enter into any arrangements with any authorities, municipal, local or otherwise, that may seem conducive to the company's objects, or any of them, and obtain from any such authority any rights, privileges and concessions which the company may think it desirable to obtain, and carry out, exercise and comply with any such arrangements, rights, privileges and concessions;
- (g) establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company, or its predecessors in business, or the dependents or connections of such persons, and grant pensions and allowances, and make payments towards insurance, and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object;

- (h) promote any company or companies for the purpose of acquiring or taking over all or any of the property and liabilities of the company, or for any other purpose which may seem directly or indirectly calculated to benefit the company;
- (i) purchase, take on lease or in exchange, hire or otherwise acquire any personal property and any rights or privileges which the company may think necessary or convenient for the purposes of its business and in particular any machinery, plant, and stock in trade;
- (j) construct, improve, maintain, work, manage, carry out or control any roads, ways, tramways, branches or sidings, bridges, reservoirs, watercourses, wharves, manufactories, warehouses, electric works, shops, stores and other works and conveniences which may seem calculated directly or indirectly to advance the company's interests, and contribute to, subsidize or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof;
- (k) lend money to customers and others having dealings with the company and guarantee the performance of contracts by any such persons;
- (l) draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, and other negotiable or transferable instruments;
- (m) sell or dispose of the undertaking of the company or any part thereof for such consideration as the company may think fit, and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of the company, if authorized so to do by the vote of a majority in number of the shareholders present or represented by proxy, at a general meeting duly called for considering the matter, and holding not less than two-thirds of the issued capital stock of the company;
- (n) adopt such means of making known the products of the company as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations;
- (o) sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the company;

(p) do all or any of the above things, and all things authorized by the letters patent or supplementary letters patent as principals, agents, contractors, trustees or otherwise, and either alone or in conjunction with others;

(q) do all such other things as are incidental or conducive to the attainment of the above objects and of the objects set out in the letters patent and supplementary letters patent.

Powers may
be withheld.

(2) All or any of the powers set out in subsection 1 may be withheld by the letters patent or supplementary letters patent. R.S.O. 1914, c. 178, s. 23.

Incidental
powers.

24.—(1) A corporation incorporated under this Act shall have power:—

Buildings,
etc.

(a) to construct, maintain and alter any buildings or works necessary or convenient for the purposes of the corporation;

Real estate.

(b) to acquire by purchase, lease or other title, and to hold any real estate necessary for the carrying on of its undertaking, and when no longer required to sell, alienate and convey the same.

Incorporation subject
to trusts.

(2) The corporation shall, upon its incorporation, be invested with all the property and rights, real and personal theretofore held by or for it under any trust created with a view to its incorporation. R.S.O. 1914, c. 178, s. 24.

Payment of
property
acquired in
shares.

25. The directors if authorized so to do by a vote of shareholders present or represented by proxy at a general meeting duly called for considering the matter and holding not less than two-thirds of the issued capital stock represented at the meeting may pay for any property acquired or taken over or purchased under the provisions of clause (b) or clause (i) of subsection 1 of section 23 or clause (b) of section 24 wholly or partly in shares fully or partly paid up. R.S.O. 1914, c. 178, s. 25.

Restrictions
as to holding
real estate.

26.—(1) Unless other special statutory enactments apply, any land or interest therein at any time acquired by the corporation and not required for its actual use and occupation or for the purposes of its business, or not held by way of security, shall not be held by the corporation, or by any trustee on its behalf, for a longer period than seven years after the acquisition thereof, or after it has ceased to be required for its actual use and occupation or for the purposes of its business, but shall be absolutely sold and disposed of, so that the corporation shall no longer retain any interest therein unless by way of security.

(2) Any such land or interest therein not within the exceptions hereinbefore mentioned, held by the corporation for a longer period than seven years without being disposed of shall be forfeited to His Majesty for the use of Ontario. Forfeiture of real estate.

(3) The Lieutenant-Governor in Council may extend such period from time to time, not exceeding in the whole twelve years, and no such forfeiture shall take effect or be enforced until the expiration of at least six months after notice in writing to the corporation of the intention of His Majesty to claim the same, and during such six months the corporation may dispose of the land or its interest therein. Extension of time for holding.

(4) The corporation shall give to the Provincial Secretary when required a full and correct statement of all lands or interests therein at the date of such statement held by or in trust for the corporation. R.S.O. 1914, c. 178, s. 26. Statement to be furnished to Provincial Secretary.

27. The provisions of this Act relating to matters preliminary to the issue of the letters patent or supplementary letters patent shall be deemed to be directory only; and no letters patent or supplementary letters patent, notice, order or other proceeding by or on behalf of the Lieutenant-Governor, Provincial Secretary or other Government or Departmental officer under this Act shall be void or voidable on account of any irregularity, or otherwise, in respect of any matter preliminary to the issue of the letters patent or supplementary letters patent, notice, order or other proceeding or of any alterations in any petition or documents submitted in order to comply with this Act or with the departmental practice thereunder. R.S.O. 1914, c. 178, s. 27. Defects of form not to invalidate letters patent etc.

28.—(1) If a corporation incorporated by letters patent does not go into actual *bona fide* operation within two years after incorporation, or for two consecutive years does not use its corporate powers, such powers, except so far as is necessary for the winding up of the corporation, shall be *ipso facto* forfeited. Forfeiture of charter for non-user.

(2) In any action or proceeding where such non-user is alleged proof of user shall lie upon the corporation. Proof of user.

(3) No such forfeiture shall affect prejudicially the rights of creditors as they exist at the date of the forfeiture. R.S.O. 1914, c. 178, s. 28. Rights of creditors not affected.

29. Where a municipal corporation has passed or may hereafter pass a by-law to license, regulate and govern persons or proprietary clubs as provided by paragraph 1 of section 429 of *The Municipal Act*, no charter heretofore or hereafter granted whether by special Act or letters patent or otherwise for any of the purposes mentioned in that paragraph shall be construed as exempting the holders thereof from compliance with the provisions of such by-law or as affecting the discre- Clubs not to be exempted from municipal by-laws as to billiard tables, etc. Rev. Stat. c. 233.

Rev. Stat.
c. 233.

tionary power to refuse or grant a license conferred by subsection 4 of section 262 of *The Municipal Act*. 1915, c. 20, s. 18 (3).

Revocation
of charter.

30. The letters patent by which a corporation is incorporated and any supplementary letters patent amending or varying the same may, at any time, be declared to be forfeited and may be revoked and made void by the Lieutenant-Governor in Council, on sufficient cause being shown, upon such conditions and subject to such provisions as he may deem proper. R.S.O. 1914, c. 178, s. 29.

Company
with less
than five
members
exercising
corporate
powers,
shareholders
personally
liable.

31.—(1) If a corporation exercises its corporate powers when the number of its shareholders or members is less than five, for a period of more than six months after the number has been so reduced, every person who is a shareholder or member of the corporation during the time that it so exercised its corporate powers after such period of six months and is cognizant of the fact that it so exercises its corporate powers, shall be severally liable for the payment of the whole of the debts of the corporation contracted during such time, and may be sued for the same without the joinder in the action of the corporation or of any other shareholder or member.

Shareholder
by protest
may relieve
himself from
liability.

(2) A shareholder or member who has become aware that the corporation is so exercising its corporate powers may serve a protest in writing on the corporation and may by registered letter notify the Provincial Secretary of such protest having been served and of the facts upon which it is based, and such shareholder or member may thereby and not otherwise, from the date of his protest and notification, exonerate himself from liability.

Revocation
of charter
if number
of share-
holders not
brought
up to five.

(3) If, after notice from the Provincial Secretary, the corporation refuses or neglects to bring the number of its shareholders or members up to five such refusal or neglect may, upon the report of the Provincial Secretary, be regarded by the Lieutenant-Governor in Council as sufficient cause for the revocation of the charter of the corporation. R.S.O. 1914, c. 178, s. 30.

Surrender
of charter.

32.—(1) The charter of a corporation incorporated by letters patent may be surrendered if the corporation proves to the satisfaction of the Lieutenant-Governor:—

(a) that it has no debts or obligations; or,

(b) that it has parted with its property, divided its assets rateably amongst its shareholders or members and has no debts or liabilities, or,

(c) that the debts and obligations of the corporation have been duly provided for or protected or that the creditors of the corporation or other persons holding them consent; and

(d) that the corporation has given notice of the application for leave to surrender by publishing the same once in the *Ontario Gazette* and once in a newspaper published at or as near as may be to the place where the corporation has its head office.

(2) The Lieutenant-Governor, upon a due compliance with the provisions of this section, may accept a surrender of the charter and direct its cancellation, and fix a date upon and from which the corporation shall be dissolved, and the corporation shall thereby and thereupon become dissolved accordingly. R.S.O. 1914, c. 178, s. 31.

Acceptance of
surrender
and disso-
lution of
corporation.

33. The corporate existence of a corporation incorporated otherwise than by letters patent may be terminated by order of the Lieutenant-Governor upon petition therefor by such corporation under like circumstances, in like manner and with like effect as a corporation incorporated by letters patent may surrender its charter. R.S.O. 1914, c. 178, s. 32.

Termination
of existence
of corpora-
tions not
incorporated
by letters
patent.

34.—(1) Notwithstanding the dissolution, under section 33, of a company, the shareholders or members among whom its assets have been divided shall, to the amount received by them respectively upon such division, remain liable to the creditors of the company and an action may be brought in any court of competent jurisdiction to enforce such liability, but such action shall be commenced within and not after one year from the date of such dissolution of the company.

Liability of
shareholders
to creditors
after surren-
der of charter

(2) When there are numerous shareholders or members the court may permit an action to be brought against one or more as representatives of the class and, if the plaintiff establishes his claim as creditor, may make an order of reference and add as parties in the master's office all such shareholders or members as may be found and the master shall determine the amount which each should contribute towards the plaintiff's claim and may direct payment of the sums so to be ascertained. 1926, c. 48, s. 3, *part*.

Action
against one
shareholder
as represent-
ing class.

35. The Lieutenant-Governor in Council may make regulations with respect to:—

Regulations
by Lieuten-
ant-Governor
in Council.

(a) the cases in which notice of application for letters patent or supplementary letters patent must be given;

- (b) the forms of letters patent, supplementary letters patent, notices and other instruments and documents relating to applications and other proceedings;
- (c) the form and manner of the giving of any notice required by this Act;
- (d) such other matters as he may deem necessary or expedient for carrying out the objects and provisions of this Act,

and such regulations shall be published in the *Ontario Gazette* and shall be laid before the Assembly forthwith if the Assembly is then in session, and if not then in session within fifteen days after the opening of the next session. R.S.O. 1914, c. 178, s. 33.

PART II.

NAME OF CORPORATION.

Use of word
"limited."

36.—(1) The corporate name of every company with share capital shall have the word "limited" as the last word thereof.

Idem.

(2) Where the company or any director, manager, officer or employee thereof uses the name of the company, the word "limited" shall appear as the last word thereof.

Saving.

(3) Stamping, writing, printing, or otherwise marking on goods, wares and merchandise of the company, or upon packages containing the same shall not be deemed to be a use of the name within the provisions of this section.

Abbreviation.

(4) Where the word "company," "club," "association," or other equivalent word forms part of the name the word "limited" may be abbreviated to "Ltd." or "Ld." R.S.O. 1914, c. 178, s. 34.

Penalty for
using
word
"limited"
without
authority.

(5) If any person or persons trade or carry on business under any name or title of which "limited" is the last word, that person or those persons shall, unless duly incorporated with limited liability, be liable to a fine not exceeding \$10 for every day upon which that name or title has been used. 1916, c. 35, s. 3.

"Private
Company"
to be on seal
and on
share
certificates.

37. Every private company shall have on its seal the words "private company" and upon every share certificate issued by the company there shall be distinctly written or printed the same words. R.S.O. 1914, c. 178, s. 35.

38. Every company and every director, manager, officer Penalty. or other employee making default in complying with the provisions of the next preceeding two sections shall incur a penalty not exceeding \$10 for a first offence and not exceeding \$100 for every subsequent similar offence. R.S.O. 1914, c. 178, s. 36.

39. The corporate name shall be one which is not objectionable upon any public ground and is not that of any known corporation or association incorporated or unincorporated, or of any partnership or of any individual, or any name under which any known business is being carried on, or so nearly resembling the same as to be calculated to deceive; but a subsisting corporation, association, partnership, individual or person may consent that its or his name, in whole or in part, be granted to a new corporation incorporated for the purpose of acquiring or promoting the objects of such business. R.S.O. 1914, c. 178, s. 37. Name to be free from objection. Proviso

40.—(1) The name of a corporation which has not, for three consecutive years, made the annual summary prescribed by this Act may be given in whole or in part to a new corporation, unless the defaulting corporation, on notice by the Provincial Secretary by registered letter addressed to the corporation or its president at the address shown by its last return, proves to the satisfaction of the Lieutenant-Governor that it is still a subsisting corporation. When name of one corporation may be given to another.

(2) If, at the end of one month from the date of such notice, Idem. the Provincial Secretary has not been satisfied by the corporation or its president that the corporation is a subsisting corporation it shall be no longer entitled to the use of the corporate name.

(3) Where no annual summary has been filed by a corporation for three years immediately following its incorporation its name may be given to another corporation without notice and such first-mentioned corporation shall be deemed not to be subsisting. R.S.O. 1914, c. 178, s. 38. Idem.

41. Where it is made to appear, to the satisfaction of the Lieutenant-Governor in Council, that any corporation is incorporated under a name the same as or so similar to that of an existing corporation, company, partnership, association, individual, or business as to be calculated to deceive the Lieutenant-Governor in Council may by Order change the name of the corporation. R.S.O. 1914, c. 178, s. 39. Change of name if objectionable.

42.—(1) Where a corporation is desirous of changing its name the Lieutenant-Governor, upon being satisfied that the corporation is solvent, and that the change desired is Or upon application.

not for any improper purpose, and is not otherwise objectionable, may change the name of the corporation.

In case proposed name is objectionable.

(2) Where the proposed name is considered objectionable the Lieutenant-Governor may change the name of the corporation to some unobjectionable name. R.S.O. 1914, c. 178, s. 40.

Notice of change.

43. Notice of the change of the name of a corporation shall be given by the Provincial Secretary by publication in the *Ontario Gazette*. R.S.O. 1914, c. 178, s. 41.

Change not to affect rights or obligations.

44. The alteration of the name of a corporation shall not affect its rights or obligations. R.S.O. 1914, c. 178, s. 42.

PART III.

MEETINGS OF COMPANY.

First Meeting of Private Company, or of a Company which is not offering Shares, Debentures or Debenture Stocks to the Public for Subscription.

First meeting.

45.—(1) The provisional directors of a private company or a company which does not offer shares, debentures or debenture stock to the public for subscription shall call a general meeting of the company to be held at a convenient place within six months from the date of the letters patent for the purpose of electing directors, appointing auditors, sanctioning the by-laws of the company, and transacting such other business as may be necessary to enable the company to carry on its undertaking, and shall, at least ten days before the day on which such meeting is to be held, give notice of such meeting by registered letter addressed to each shareholder, setting out in detail the business to be transacted and matters to be considered thereat. R.S.O. 1914, c. 178, s. 43 (1); 1918, c. 20, s. 28.

Notice.

Report of first meeting.

(2) The provisional directors shall report to such meeting

(a) the number of shares subscribed;

(b) the names of the subscribers;

(c) the amount paid thereon;

(d) all contracts entered into by or on behalf of the company;

(e) the amount of the preliminary expenses; and

(f) a financial statement of the affairs of the company signed by the auditors, if any.

(3) If the meeting is not called by the provisional directors as aforesaid any three or more shareholders may call the meeting. R.S.O. 1914, c. 178, s. 43 (2, 3). Shareholders may call.

(As to a statutory meeting of public companies, see section 119).

General Meetings.

46. In default of other express provision in the special Act, the letters patent, or supplementary letters patent or by-laws of a company, notice of the time and place for holding general meetings of every company, including the statutory meeting and the annual and special meetings, shall be given at least ten days previously thereto by registered letter to each shareholder at his last known address, and by an advertisement in a newspaper published at or as near as may be to the place where the company has its head office and to the chief place of business of the company if these differ. R.S.O. 1914, c. 178, s. 44. Notice of meeting.

47.—(1) The annual meeting of the shareholders of the company shall be held at such time and place in each year as the special Act, letters patent, supplementary letters patent or by-laws of the company may provide, and in default of any such provision on the fourth Wednesday in January in every year. Annual meeting.

(2) The directors shall, at least seven days before the day on which the meeting is held, send by post to every shareholder a report containing Report to be sent shareholders.

(a) a balance sheet made up to a date not more than three months before such annual meeting; Balance sheet.

(b) an abstract of income and expenditure for the financial period ending upon the date of such balance sheet; Abstract of income and expenditure.

(c) the report of the auditor or auditors; Auditor's report.

(d) such further information respecting the company's financial position as the special Act, the letters patent, supplementary letters patent, or the by-laws of the company may require; Further necessary information.

and the directors shall lay such report before the meeting.

Balance sheet to show assets and liabilities.

(3) Every balance sheet shall be drawn up so as to distinguish at least the following classes of assets and liabilities, namely:

- (a) Cash;
- (b) Debts owing to the company from its customers;
- (c) Debts owing to the company from its directors, officers and shareholders;
- (d) Stock in trade;
- (e) Expenditures made on account of future business;
- (f) Land, buildings and plant;
- (g) Goodwill, franchises, patents and copyrights, trademarks, leases, contracts and licenses;
- (h) Debts owing by the company secured by mortgage or other lien upon the property of the company;
- (i) Debts owing by the company but not secured;
- (k) Amount received on common shares;
- (l) Amount received on preferred shares;
- (m) Indirect and contingent liabilities.

When report need not be sent.

(4) If the by-laws of the company so provide it shall not be necessary to send the report mentioned in subsection 2 to the shareholders. R.S.O. 1914, c. 178, s. 45.

Report furnished on application.

(5) A copy of such report shall be furnished forthwith to any shareholder on written application.

Penalty.

(6) Every company which neglects or refuses to furnish such report for which application has been made as aforesaid shall be liable to a penalty not exceeding \$100. 1923, c. 37, s. 2.

Special general meeting by directors on requisition therefor.

48.—(1) Upon the receipt of a requisition in writing, signed by the holders of not less than one-tenth of the subscribed shares of the company, setting out the objects of the proposed meeting, the directors, or, if there is not a quorum in office, the remaining directors or director shall forthwith convene a special general meeting of the company for the transaction of the business mentioned in the requisition.

By shareholders.

(2) If the meeting is not called and held within twenty-one days from the date upon which the requisition was left at the head office of the company any shareholders holding not less than one-tenth in value of the subscribed shares of the company, whether they signed the requisition or not, may themselves convene such special general meeting.

(3) The directors may at any time, of their own motion, ^{By} call a special general meeting of the company for the trans-^{directors.} action of any business.

(4) Notice of any special general meeting shall state the ^{Notice of} business which is to be transacted at it. R.S.O. 1914, c. 178, s. 46.

49. The president shall preside as chairman at every gen-^{Presiding} eral meeting of the company, and if there is no president or ^{officer.} vice-president, or if at any meeting neither of them is pre-
sent within fifteen minutes after the time appointed for
holding the meeting, the shareholders present shall choose ^{Chairman}
one of their number to be chairman. R.S.O. 1914, c. 178, ^{to be elected}
^{when neces-}
s. 47. ^{sary.}

50. The chairman may, with the consent of the meeting ^{Adjournment}
and subject to such conditions as the meeting may decide, ^{by consent.}
adjourn any meeting from time to time and from place to
place. R.S.O. 1914, c. 178, s. 48.

51.—(1) At any general meeting, unless a poll is de-^{Procedure}
manded, a declaration by the chairman that a resolution has ^{as to}
been carried, and an entry to that effect in the minutes of the ^{resolution.}
company, shall be *prima facie* evidence of the fact without
proof of the number or proportion of the votes recorded in
favour of or against such resolution.

(2) If a poll is demanded it shall be taken in such man-^{Taking vote}
ner as the by-laws prescribe, and if the by-laws make no ^{when poll is}
provision therefor then as the chairman may direct. ^{demand.}

(3) In the case of an equality of votes at any general ^{Casting vote.}
meeting the chairman shall be entitled to a second or cast-
ing vote. R.S.O. 1914, c. 178, s. 49.

52. Subject to the special Act, letters patent, supple-^{Votes.}
mentary letters patent or by-laws, at all meetings of share-
holders every shareholder shall be entitled to as many votes
as he holds shares in the company, and may vote by proxy,
but no shareholder in arrear in respect of any call shall be ^{Shareholders}
entitled to vote at any meeting. R.S.O. 1914, c. 178, s. 50. ^{in arrear not}
^{to vote.}

53.—(1) The instrument appointing a proxy shall be in ^{Proxy.}
writing under the hand of the appointor or of his attorney
duly authorized in writing, or, if the appointor is a corpora-
tion, either under the common seal or under the hand of an
officer or attorney so authorized, and shall cease to be valid
after the expiration of one year from the date thereof.

(2) No person shall act as a proxy unless he is entitled on ^{Qualification}
his own behalf to be present and vote at the meeting at ^{of proxy.}
which he acts as proxy or has been appointed to act at that
meeting as proxy for a corporation.

Not to vote
on show of
hands.

(3) A proxy for an absent shareholder shall not have the right to vote on a show of hands.

Form of.

(4) An instrument appointing a proxy may be according to Form 6 or such other form as may be prescribed by the by-laws of the corporation and shall not contain anything but the appointment of the proxy or a revocation of a former instrument appointing a proxy.

Revocation
of.

(5) An instrument appointing a proxy may be revoked at any time. R.S.O. 1914, c. 178, s. 51.

Deposit of
proxy.

(6) The directors may by by-law prescribe the period of time immediately preceding any special or general meeting of the shareholders within which the instrument appointing the proxy shall be deposited with the company; provided that in no case shall such period of time exceed seventy-two hours immediately preceding the meeting for which such proxy is to be used or acted upon; and further provided that any period of time so fixed shall be specified in the notice calling the meeting. 1919, c. 41, s. 2.

Where
meetings to
be held.

54. Meetings of the shareholders, directors and executive committees shall be held at the place where the head office of the company is situate except when otherwise provided by the special Act, letters patent, supplementary letters patent or the by-laws of the company, but shall not be held out of Ontario unless when so authorized by the special Act, letters patent or supplementary letters patent. R.S.O. 1914, c. 178, s. 52.

PART IV.

SHARES, CALLS.

Generally.

Limit of
shareholder's
holding in
certain
cases.

55. No shareholder of a co-operative cold storage company or association to which aid has been or may hereafter be granted under the provisions of any statute, or of a cheese and butter manufacturing company carried on on the co-operative plan, shall hold shares to an amount exceeding \$1,000. R.S.O. 1914, c. 178, s. 53.

Share
certificate.

56.—(1) Every shareholder shall, without payment, be entitled to a certificate under the common seal of the company stating the number of shares held by him and the amount paid up thereon, but, in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint shareholders shall be sufficient delivery to all.

(2) The certificate shall be *prima facie* evidence of the title of the shareholder to the shares mentioned in it. Evidence of title.

(3) Where a company issues shares in pounds sterling, francs or marks, shares previously issued in Canadian currency may, at the option of the holder, be exchanged for shares in pounds sterling, francs or marks. Shares issued in pounds sterling or francs or marks.

(4) For the purpose of dividends, distribution of assets, voting and all other matters relating to the amount of shares issued in pounds sterling or francs or marks, one pound sterling or twenty-five francs or twenty marks shall be calculated as five dollars. Fixed value of shares so issued.

(5) Shares shall include share warrants, where the company is authorized to issue the same. R.S.O. 1914, c. 178, s. 54. Shares to include share warrants.

57. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding twenty-five cents and on such terms, if any, as to evidence and indemnity as the directors think fit. R.S.O. 1914, c. 178, s. 55. Lost certificate.

58.—(1) The shares of the company shall be deemed personal estate and shall be transferable on the books of the company in such manner and subject to such conditions and restrictions as by this Act, the special Act, the letters patent, supplementary letters patent or by-laws of the company may be prescribed. Shares personal estate.

(2) Subject to section 60, no by-law shall be passed which in any way restricts the right of a holder of paid up shares to transfer the same, but nothing in this section shall prevent the regulation of the mode of transfer thereof. R.S.O. 1914, c. 178, s. 56. Restrictions on transfer.

59.—(1) No transfer of shares the whole amount whereof has not been paid up shall be made without the consent of the directors. When directors' consent required.

(2) Where any such transfer is made, with the consent of the directors, to a person who is not apparently of sufficient means to fully pay up such shares, subject to subsection 3, the directors shall be jointly and severally liable to the creditors of the company in the same manner and to the same extent as the transferring shareholder, but for such transfer, would have been. Their liability if they allow transfers to persons without means.

(3) If any director present when such transfer is allowed forthwith, or if any director then absent, within twenty-four hours after he becomes aware of such transfer, and is able to do so, enters his written protest against the same, and, within eight days thereafter, causes such protest to be notified by registered letter to the Provincial Secretary, such Relief from liability by entering protest.

director shall thereby and not otherwise exonerate himself from such liability.

Liability
where call
remains
unpaid.

(4) Where a share upon which a call is unpaid is transferred, with the consent of the directors, the transferee shall be liable for the call to the same extent and with the same liability to forfeiture of the shares, if the call remains unpaid, as if he had been the holder when the call was made, and the transferor shall remain also liable for the call until it has been paid. R.S.O. 1914, c. 178, s. 57.

Refusal to
register
transfer of
shareholder
indebted to
corporation.

60. Where the letters patent, supplementary letters patent or by-laws of a corporation confer that power on the directors, they may decline to register a transfer of shares belonging to a shareholder who is indebted to the corporation. R.S.O. 1914, c. 178, s. 58.

Closing
transfer
books pend-
ing distrib-
ution of divi-
dend.

61. The directors, upon the passing of a by-law authorizing the payment of a dividend upon shares, may direct that no entry of transfers shall be made in the books of the company for a period of two weeks immediately preceding the payment of such dividend, and payment thereof shall be made to the shareholders of record on the date of closing such books. R.S.O. 1914, c. 178, s. 59.

Transfer
valid only
after
entry.

62. No transfer of shares, unless made by sale under execution or under the order or judgment of a competent court, shall, until entry thereof has been duly made, be valid for any purpose whatever, save only as exhibiting the rights of the parties thereto towards each other, and, if absolute, as rendering the transferee and the transferor jointly and severally liable to the company and its creditors until entry thereof has been duly made in the books of the company. R.S.O. 1914, c. 178, s. 60.

Transferor
may be
notified.

63.—(1) The directors may, for the purpose of notifying the person registered therein as owner of such shares, refuse to allow the entry in any such books of a transfer of shares, and in that event shall forthwith give notice to the owner of the application for the entry of the transfer.

Owner may
lodge
caveat.

(2) Such owner may lodge a caveat against the entry of the transfer and thereupon such transfer shall not be made for a period of forty-eight hours.

Transfer
may be
entered if
no order
served.

(3) If, within one week from the giving of such notice or the expiration of the period of forty-eight hours, which ever shall last expire, no order of a competent court enjoining the entry of such transfer shall have been served upon the company the transfer may be entered.

Company
not to be
liable if
section com-
plied with.

(4) Where a transfer is entered after the proceedings mentioned in this section the company shall, in respect of the shares so transferred, be free from liability to a person

whose rights are purported to be transferred, but without prejudice to any claim which the transferor may have against the transferee. R.S.O. 1914, c. 178, s. 61.

64.—(1) The directors may call in and demand from the shareholders the amount unpaid on shares by them subscribed or held, at such times and places and in such payments or instalments as the special Act, the letters patent, supplementary letters patent, this Act, or the by-laws of the company require or allow; and interest shall accrue upon the amount of any unpaid call from the day appointed for payment of such call. ^{Calling in instalments.}

(2) The demand shall state that in the event of non-payment the shares in respect of which the call was made will be liable to be forfeited. ^{Demand to state liability to forfeiture.}

(3) If, after the demand, any call is not paid within the time and in the manner provided by the special Act, the letters patent, supplementary letters patent or the by-laws, the directors, by resolution to that effect reciting the facts and duly recorded in their minutes, may summarily forfeit any shares whereon such payment is not made; and the same shall thereupon become the property of the company and may be disposed of as, by by-law or otherwise, the company may ordain; but such forfeiture shall not relieve the shareholder of any liability to the company or to any creditor. R.S.O. 1914, c. 178, s. 62. ^{Forfeiture of shares.}

Share Warrants.

65. A company, if authorized so to do by the special Act, the letters patent or supplementary letters patent and subject to the provisions thereof, may, with respect to any share which is fully paid up, upon the deposit of the share certificate, if any, issue under its common seal a warrant, herein called a share warrant, stating that the bearer of the warrant is entitled to the share and may provide, by coupons or otherwise, for the payment of the future dividends on such share. R.S.O. 1914, c. 178, s. 63. ^{Issue of share warrants.}

66. A share warrant shall entitle the bearer to the shares specified in it and such shares may be transferred by the delivery of the share warrant. R.S.O. 1914, c. 178, s. 64. ^{Rights of holders.}

67. The bearer of a share warrant, subject to the provisions respecting share warrants contained in the letters patent or supplementary letters patent, shall be entitled, on surrendering such warrant for cancellation, to have his name entered as a shareholder in the register of shareholders, and the company shall be responsible for any loss incurred by any person by reason of the company entering in its register of shareholders the name of any bearer of a share warrant in ^{Surrender of share warrants.}

respect of the shares specified therein without the share warrant being surrendered and cancelled. R.S.O. 1914, c. 178, s. 65.

How far
holders of
share
warrants
to be deemed
shareholders.

68. The bearer of a share warrant may, if the letters patent or supplementary letters patent so provide, be deemed to be a shareholder of the company, either to the full extent or for such purposes as may be thereby prescribed, but he shall not be qualified, in respect of the shares specified in such warrant, to be a director where the by-laws of the company provide that a director must be the holder of a specified number of shares. R.S.O. 1914, c. 178, s. 66.

Restrictions
on holders
of share
warrants.

69. Except as herein otherwise expressly provided no person shall, as a bearer of a share warrant, sign a requisition for calling a meeting of the company, or attend, or vote, or exercise any other privilege of a shareholder at a meeting of the company, or be entitled to receive any notices from the company; but the bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of shareholders as the holder of the shares included in the warrant, and he shall be a shareholder of the company. R.S.O. 1914, c. 178, s. 67.

Entries in
register
where share
warrant
issued.

70. On the issue of a share warrant in respect of any share the company shall strike out of its register of shareholders the name of the shareholder then entered therein as holding such share as if he had ceased to be a shareholder and shall enter in the register

- (a) the fact of the issue of the warrant;
- (b) a statement of the shares included in the warrant;
- (c) the date of issue of the warrant. R.S.O. 1914, c. 178, s. 68.

Compliance
with s. 121.

71. Until the warrant is surrendered the above particulars shall be deemed to be the particulars which are required by section 121 to be entered in the register of shareholders; and on the surrender of a warrant the date of such surrender shall be entered as if it were the date at which a person ceased to be a shareholder. R.S.O. 1914, c. 178, s. 69,

Exercise of
privileges on
deposit of
share
warrants.

72.—(1) The bearer of a share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited the depositor shall have the same right of signing a requisition for calling a meeting of the company and of attending and voting and exercising the other privileges of a shareholder at any meeting, held after the expiration of two clear days from the time of deposit, as if his name were inserted in the register of share-

holders as the holder of the shares included in the deposited warrant, and the company shall, on two days' written notice, return the deposited share warrant to the depositor.

(2) Not more than one person shall be recognized as depositor of the share warrant. R.S.O. 1914, c. 178, s. 70.

73. The directors may make rules as to the terms on which a new share warrant or coupon may be issued in case of the defacement, loss or destruction of the original. R.S.O. 1914, c. 178, s. 71.

74.—(1) A company shall not be bound to see to the execution of any trust, whether express, implied or constructive to which any share is subject.

(2) The receipt of the person in whose name the same stands on the books of the company shall be a sufficient discharge to the company for any payment made in respect of such share, whether or not the company had notice of such trust.

(3) The company shall not be bound to see to the application of the money paid upon such receipt. R.S.O. 1914, c. 178, s. 72.

75.—(1) An executor, administrator, guardian, trustee or committee of a lunatic and where a corporation is such executor, administrator, guardian, trustee or committee of a testator, intestate, infant, *cestui que trust*, or lunatic, any officer or employee of such corporation or any shareholder of the company duly appointed a proxy for such corporation, shall represent the shares in his hands at all meetings of the company and may vote accordingly as a shareholder, and every person who mortgages or hypothecates his shares may nevertheless represent the same at all such meetings, and may vote accordingly as a shareholder unless, in the instrument creating the mortgage or hypothecation, he has expressly empowered the holder of such mortgage or hypothecation to vote thereon, in which case only such holder or his proxy may vote in respect of such shares. R.S.O. 1914, c. 178, s. 73 (1); 1924, c. 47, s. 5 (1).

(2) Subject to the by-laws, if shares are held jointly by two or more persons any one of them present at a meeting may, in the absence of the other or others, vote thereon, but if more than one of them are present, or represented by proxy, they shall vote together on the shares jointly held. R.S.O. 1914, c. 178, s. 73 (2).

(3) Where a corporation is executor, administrator, guardian, trustee or committee of a testator, intestate, infant, *cestui que trust* or lunatic, such corporation may appoint any of its officers, or employees, or a shareholder of the company, as

proxy to represent the shares at any such meeting and to vote accordingly as a shareholder. 1924, c. 47, s. 5 (2).

Liability of shareholders.

76.—(1) Every shareholder, until the whole amount of his shares has been paid up, shall be individually liable to the creditors of the company to an amount equal to that not paid up thereon, but shall not be liable to an action therefor by any creditor before an execution against the company has been returned unsatisfied in whole or in part; and the amount due on such execution, but not beyond the amount so unpaid on his shares, shall be the amount recoverable against such shareholder.

Set-off.

(2) A shareholder may plead by way of defence, in whole or in part, any set-off which he could set up against the company, except a claim for unpaid dividend, or a salary or allowance as president or director of the company. R.S.O. 1914, c. 178, s. 74,

Shareholders not liable beyond unpaid amount.

77. A shareholder shall not, as such, be answerable for any act, default or liability of the company, or for any engagement, claim, payment, loss, injury, transaction, matter or thing relating to or connected with the company beyond the amount unpaid on his shares. R.S.O. 1914, c. 178, s. 75.

Trustees not personally liable.

78.—(1) No person holding shares as executor, administrator, guardian, committee of a lunatic or trustee, of or for any estate, trust or person named in the books of the company as being so represented by him shall be personally subject to any liability as a shareholder, but the estates and funds in his hands shall be liable in like manner and to the same extent as the testator, intestate, ward, lunatic or person, interested therein would be if living and competent to act as the holder of such shares.

Liability of beneficiary.

(2) If the trust is for a living person not under disability such person shall also be liable as a shareholder.

Where beneficiary, etc., not named trustee, etc., liable.

(3) If the testator, intestate, ward, lunatic or person so represented is not named in the books of the company the executor, administrator, guardian, committee or trustee shall be personally liable in respect of such shares as if he held them in his own name as owner thereof. R.S.O. 1914, c. 178, s. 76.

Mortgagees prior to foreclosure.

79. No person holding shares as collateral security shall, prior to foreclosure, be personally subject to liability as a shareholder, but the person transferring such shares as collateral security shall, until foreclosed, be considered as holding the same, and shall be liable as a shareholder in respect thereof. R.S.O. 1914, c. 178, s. 77.

PART V.

PREFERENCE AND DEBENTURE STOCK, DEBENTURES AND MORTGAGES.

80.—(1) The directors of a corporation may make by-laws for,—

- (a) borrowing money; Borrowing money.
- (b) issuing bonds, debentures, debenture stock, both perpetual and terminable, or other securities; Issuing securities.
- (c) pledging or selling such bonds, debentures or debenture stock, or other securities for such sum and at such prices as may be deemed expedient or be necessary. Disposing of securities.

(2) The directors of a company may make by-laws for,— By-laws for

- (a) creating and issuing any part of the capital as preference shares; Creating preference shares.
- (b) the conversion of preference shares into common shares or debentures or debenture stock, debentures into debenture stock or preference shares, or any class of shares or securities into any other class. Conversion of preference shares.

(3) Nothing in this section shall limit or restrict the power of a corporation to borrow money on bills of exchange, promissory notes, bills of lading, warehouse receipts or other securities of a commercial nature issued in the ordinary course of business. General power of borrowing not affected. R.S.O. 1914, c. 178, s. 78.

81. No by-law for any of the purposes mentioned in the next preceding section shall take effect until it has been confirmed by a vote of shareholders present, or represented by proxy and holding not less than two-thirds of the issued capital stock represented at the meeting or by a vote of two-thirds of the members so present or represented, as the case may be, at a general meeting duly called for considering the same. Confirming by-law. R.S.O. 1914, c. 178, s. 79.

82.—(1) A by-law for the creation and issue of preference shares or for the conversion of shares, debentures or debenture stock into preference shares may provide that the holders of such shares shall have such preference as regards dividends and repayment on dissolution or winding-up as may be therein set out, and the right to select a stated proportion of the board of directors, or such other control over the affairs of the company as may be considered expedient; or may limit the right of the holders thereof to specific dividends or control of the affairs of the company or otherwise, By-law for issue of preference shares.

not contrary to law or to this Act, and may provide for the purchase or redemption of such shares by the company as therein set out; but any term or provision of such by-law, whereby the rights of holders of such shares are limited or restricted, shall be fully set out in the certificate of such shares, and in the event of such limitations and restrictions not being so set out they shall not be deemed to qualify the rights of holders thereof. R.S.O. 1914, c. 178, s. 80 (1).

When confirmation by supplementary letters patent required.

(2) No such by-law which has the effect of increasing or decreasing the capital of the company, or increasing the amount of the preference stock authorized by the special Act, letters patent, supplementary letters patent, or any prior by-law of the company, or otherwise varying any term or provision thereof, shall be valid or acted upon until confirmed by supplementary letters patent. R.S.O. 1914, c. 178, s. 80 (2); 1916, c. 35, s. 4.

Consent of holders to redemption.

83. Unless preference shares, debenture stock, debentures or bonds are issued subject to redemption or conversion the same shall not be subject to redemption or conversion without the consent of the holders thereof. R.S.O. 1914, c. 178, s. 81.

Mortgages to secure debentures, etc.

84.—(1) The directors may charge, hypothecate, mortgage, or pledge any or all of the real or personal property, including books debts and unpaid calls, rights, powers, undertaking and franchises of the corporation to secure any bonds, debentures, debenture stock, or other securities, or any liability of the corporation.

Duplicate to be filed.

(2) A duplicate original of such charge, mortgage or other instrument of hypothecation or pledge made to secure such bonds, debentures or debenture stock or other securities shall be forthwith filed in the office of the Provincial Secretary as well as registered under the provisions of any other Act in that behalf. R.S.O. 1914, c. 178, s. 82.

Registration.

Exception.

(3) The next preceding subsection shall not apply to any mortgage filed with the Provincial Secretary under the provisions of *The Bills of Sale and Chattel Mortgage Act*. *New.*

Rev. Stat. c. 164.

PART VI.

DIRECTORS AND THEIR POWERS, ETC.

First directors.

85. The persons named as provisional directors in the special Act or in the letters patent shall be the directors of the company until replaced by the same number of others duly elected in their stead by the shareholders in general meeting, which shall be held not later than six months after the coming into force of the special Act or the date of the letters patent, and they shall be eligible for election. R.S.O. 1914, c. 178, s. 83; 1916, c. 35, s. 5.

When election to be held.

86. The affairs of the company shall be managed by a board of not less than three directors who shall be elected by the shareholders in general meeting. R.S.O. 1914, c. 178, s. 84. Board of directors.

87.—(1) Except as in this section provided no business of a company shall be transacted by its directors unless at a meeting of directors at which a quorum of the board shall be present. Business must be transacted by quorum of board.

(2) Unless otherwise provided by the letters patent or supplementary letters patent a majority of the directors shall be necessary to constitute a quorum. Majority to constitute quorum.

(3) So long as a quorum of directors remains in office vacancies in the board may be filled by such directors as remain in office. Filling vacancies while there is a quorum.

(4) Whenever there is not a quorum of directors in office it shall be the duty of the remaining directors or director forthwith to call a meeting of the shareholders to fill the vacancies, and in default the meeting may be called by any shareholder. Calling meeting when no quorum.

(5) If there are no directors remaining in office a meeting to elect directors may be called by any shareholder. R.S.O. 1914, c. 178, s. 85. Calling meeting when no directors.

88.—(1) The shareholders of a company having more than six directors may, by a resolution passed by a vote of those present or represented by proxy and holding not less than two-thirds of the issued capital stock represented at a general meeting called for that purpose, authorize the directors to delegate any of their powers to an executive committee, consisting of not less than three, to be elected by the directors from their number. Executive committee.

(2) A committee so formed shall, in the exercise of the powers so delegated, conform to any regulation that may be imposed upon them by such resolution or by the directors. R.S.O. 1914, c. 178, s. 86. Committee subject to regulations.

89.—(1) Subject to the provisions of subsection 2, no person shall hold office as a director unless he is a shareholder absolutely in his own right and not in arrear in respect of any call, and where any director ceases to be such a shareholder he shall thereupon cease to be a director. Qualification of directors.

(2) Any person holding shares, not in arrear in respect of any call, in trust as executor, administrator, guardian, trustee or committee of a testator, intestate, infant, *cestui que trust* or lunatic, may be elected a director and where any such director ceases to hold shares in trust he shall thereupon cease to be a director, and when a corporation holds such shares in trust as aforesaid any officer or officers of such corporation may be Corporation as director.

elected as a director or directors and when such corporation ceases to hold such shares in trust any officer so elected shall thereupon cease to be a director.

Liability of
corporation
directors.

(3) A director elected under the provisions of subsection 2 shall not be personally liable under the provisions of section 100 of this Act, but the estate or other beneficial owner of the shares held in trust by such director or by the corporation of which such director is an officer shall be subject to all the liabilities imposed upon directors by section 100. 1924, c. 47, s. 6.

Election of
directors.

90. In the absence of other provisions in that behalf, in the letters patent or supplementary letters patent or by-laws of the company,

Yearly.

(a) the election of directors shall take place yearly, and all the directors then in office shall retire, but, if otherwise qualified, they shall be eligible for re-election;

By ballot.

(b) every election of directors shall be by ballot;

President,
vice-presi-
dent and
officers.

(c) the directors shall, from time to time, elect from among themselves a president and, if they see fit, a vice-president of the company; and may also appoint all other officers thereof. R.S.O. 1914, c. 178, s. 88.

Failure to
elect direc-
tors—how
remedied.

91. If an election of directors is not made, or does not take effect at the proper time, the company shall not thereby be dissolved; but the election may take place at any general meeting of the company duly called for that purpose; and the directors shall continue in office until their successors are duly elected. R.S.O. 1914, c. 178, s. 89.

Change by
by-law of
number or
quorum of
directors or
of head office
in Ontario.

92.—(1) A company may, by by-law, vary the number of its directors, but so that the number shall be not less than three, and may change the location of the head office in Ontario, and, if so authorized by the letters patent or supplementary letters patent, fix the quorum of the board. R.S.O. 1914, c. 178, s. 90 (1).

Chairman of
board of
directors.

(2) A company may by by-law provide for the election of a chairman of the board of directors, and define his duties and may assign to the chairman of the board of directors any or all of the duties of the president or other officer of the company as prescribed by this Act, and in that case the by-law shall fix and prescribe the duties of the president:

(a) When a by-law has been passed under the provisions of this subsection for the appointment of a chairman of the board of directors, this Act so far as it affects the company passing the by-law shall be read as if the chairman of the board of directors

had been named in the Act instead of the president, so far as the by-law transfers or assigns the duties of the president to the chairman of the board of directors. 1918, c. 20, s. 29.

(3) No such by-law shall take effect until confirmed by a vote of shareholders present or represented by proxy at a meeting duly called for considering the same and holding not less than two-thirds of the issued capital stock represented at such meeting. By-law to be confirmed by shareholders.

(4) A copy of the by-law certified under the seal of the company shall be forthwith filed in the office of the Provincial Secretary and published in the *Ontario Gazette*; and, in case of the removal of the head office, twice in a newspaper published in the place where the head office was located and also twice in a newspaper published in the place to which the head office is to be removed or as near thereto as may be. R.S.O. 1914, c. 178, s. 90 (2, 3). Publication.

93.—(1) The directors may pass by-laws, not contrary to law or to the letters patent or supplementary letters patent or to this Act, to regulate,— By-laws.

(a) the allotment of shares; the making of calls thereon; the payment thereof; the issue and registration of certificates of shares; the forfeiture of shares for non-payment; the disposal of forfeited shares and of the proceeds thereof; the transfer of shares; Shares.

(b) the declaration and payment of dividends; Dividends.

(c) the amount of the share qualification of the directors and the remuneration of the directors and of the president and vice-president; Directors' services, etc.

(d) the time at which and place where the meetings of the company shall be held; the calling of meetings of the company; and the procedure in all things at such meetings; and except as provided by section 53 of the requirements as to proxies; Meetings.

(e) the conduct in all other particulars of the affairs of the company. Miscellaneous.

(2) Subject to the provisions of subsection 3 every such by-law and every repeal, amendment or re-enactment thereof, unless in the meantime confirmed at a general meeting of the company duly called for that purpose, shall have force only until the next annual meeting of the company; and in default of confirmation thereat shall, at and from that time, cease to have force; and in that case no new by-law to the same or the like effect or re-enactment thereof shall Confirmation of by-laws.

have any force until confirmed at a general meeting of the company.

By-laws may be varied.

(3) The company may, either at a general meeting called for that purpose or at the annual meeting, repeal, amend, vary or otherwise deal with any by-law passed by the directors, but no act done or right acquired under any by-law shall be prejudicially affected by any such repeal, amendment, variation or other dealing. R.S.O. 1914, c. 178, s. 91.

Payments to president or directors.

94. No by-law for the payment of the president or of any director shall be valid or acted upon unless passed at a general meeting, or, if passed by the directors, until the same has been confirmed at a general meeting. R.S.O. 1914, c. 178, s. 92.

Directors not to vote on contracts in which they have a personal interest, etc.

95.—(1) No director shall at any directors' meeting vote in respect of any contract or arrangement made or proposed to be entered into with the company in which he is interested either as vendor, purchaser or otherwise.

No liability where interest disclosed, and refrains from voting.

(2) A director who may be in any way interested in any contract or arrangement proposed to be made with the company shall disclose the nature of his interest at the meeting of the directors at which such contract or arrangement is determined on, if his interest then exists, or in any other case at the first meeting of the directors after the acquisition of his interest, and if he discloses the nature of his interest, and refrains from voting, he shall not be accountable to the company by reason of the fiduciary relationship existing for any profit realized by such contract or arrangement; but no director shall be deemed to be in any way interested in any contract or arrangement, nor shall he be disqualified from voting or be held liable to account to the company by reason of his holding shares in any other company with which a contract or arrangement is made or contemplated.

Proviso.

(3) This section shall not apply to any contract by or on behalf of a company to give the directors or any of them security by way of indemnity. R.S.O. 1914, c. 178, s. 93.

Not to purchase shares of other corporations unless authorized by by-law.

96.—(1) The company although authorized by the special Act, letters patent or supplementary letters patent, or by this Act to purchase shares in any other corporation shall not do so or use any of its funds for such purpose until the directors have been expressly authorized by a by-law passed by them for the purpose, and confirmed by a vote of shareholders present or represented by proxy at a general meeting duly called for that purpose and holding not less than two-thirds of the issued capital stock represented at such meeting.

Not to apply to company dealing in shares.

(2) This section shall not apply to a company incorporated for the purpose of carrying on the business of buying, selling or dealing in shares. R.S.O. 1914, c. 178, s. 94.

97.—(1) The directors shall not declare or pay any dividend or bonus when the company is insolvent, or any dividend or bonus the payment of which renders the company insolvent or diminishes the capital thereof; but if any director, present when such dividend or bonus is declared, forthwith, or if any director then absent, within twenty-four hours after he has become aware thereof, and able so to do, enters his written protest against the same, and within eight days thereafter causes such protest to be notified by registered letter to the Provincial Secretary, such director may thereby, and not otherwise, exonerate himself from liability.

Liability of directors declaring a dividend when company is insolvent, etc.

How a director may avoid such liability.

(2) Nothing in this section shall prevent a mining company or a company whose assets are of a wasting character from declaring or paying dividends out of its funds derived from the operations of the company.

Case of companies with wasting assets.

(3) The powers conferred by subsection 2 may be exercised notwithstanding that the value of the net assets of the company may be thereby reduced to less than the par value of the issued capital stock of the company if the payment of the dividends does not reduce the value of its remaining assets so that they will be insufficient to meet all the liabilities of the company exclusive of its nominal paid-up capital.

How far capital may be impaired.

(4) A dividend may be paid by any such company distributing in specie or in kind assets of the company not exceeding in value the amount of the dividend.

Dividends, how payable.

(5) The powers conferred by subsection 2 shall not be exercised by any such company unless under the authority of a by-law passed by the directors and confirmed at a general meeting duly called for the purpose of considering the same by a vote of the shareholders present or represented by proxy and holding not less than two-thirds of the issued capital stock represented at such meeting.

Approval of shareholders.

(6) Where dividends have already been paid by such a company in any of the cases mentioned in subsection 2, the payment thereof shall be deemed valid if a by-law adopting and approving the same is passed by the directors and approved by vote of the shareholders in the manner mentioned in subsection 5. R.S.O. 1914, c. 178, s. 95.

Validity of payments.

98.—(1) For the amount of any dividend which the directors may lawfully declare payable in money, they may, subject to the approval in the following subsection mentioned, declare a stock dividend and issue therefor shares of the company as fully paid or partly paid, or may credit the amount of such dividend on the shares of the company already issued

Stock dividends.

but not fully paid, and the liability of the holders of such shares shall be reduced by the amount of such dividend. R.S.O. 1914, c. 178, s. 96 (1); 1919, c. 41, s. 3.

Stock dividend to have no effect until confirmed by shareholders.

(2) No declaration of stock dividend as aforesaid shall have any effect, unless and until such declaration shall have been confirmed by a vote of the shareholders present or represented by proxy, at a general meeting duly called for considering the same and holding not less than two-thirds of the issued capital stock represented at such meeting. 1919, c. 41, s. 3.

No loan by company to shareholders.

99. No loan shall be made by the company to any shareholder, and if such a loan is made all directors and other officers of the company making the same and in any wise assenting thereto shall be jointly and severally liable to the company for the amount thereof, and also to third parties to the extent of such loan with interest, for all debts of the company contracted from the time of the making of the loan to that of the repayment thereof. R.S.O. 1914, c. 178, s. 97.

Liability of directors for wages.

100.—(1) The directors of the company shall be jointly and severally liable to the labourers, servants and apprentices thereof for all debts not exceeding one year's wages due for services performed for the company while they are such directors respectively.

No liability until

(2) A director shall not be liable under subsection 1 unless,—

Company sued, etc.

(a) the company has been sued for the debt within one year after it has become due and execution has been returned unsatisfied in whole or in part; or

Company in liquidation, etc.

(b) the company has, within that period, gone into liquidation or has been ordered to be wound up and the claim for such debt has been duly filed and proved,

Unless sued while director, etc.

nor unless he is sued for such debt while a director or within one year after he has ceased to be a director.

Liability for amount unsatisfied on execution.

(3) If execution has so issued the amount recoverable against the director shall be the amount remaining unsatisfied on the execution.

On payment director entitled to assignment of judgment, etc.

(4) If the claim for such debt has been proved in liquidation or winding-up proceedings a director, upon payment of the debt, shall be entitled to any preference which the creditor paid would have been entitled to, and where a judgment has been recovered he shall be entitled to an assignment of the judgment. R.S.O. 1914, c. 178, s. 98.

PART VII.

PROSPECTUS AND DIRECTORS' LIABILITY.

101.—(1) In this Part,

Interpretation.

(a) "Company" shall include a company proposed to be incorporated;

(b) "Prospectus" shall mean any prospectus, notice, circular, advertisement or other invitation offering for subscription or purchase any shares, debentures, debenture stock or other securities of a company, or published or issued for the purpose of being used to promote or aid in the subscription or purchase of such shares, debentures, debenture stock or securities.

(2) This Part, except section 104, shall apply to every company, whether formed before or after the commencement of this Act, which offers to the public for subscription shares, debentures, debenture stock or other securities and to every company, whether incorporated under the law of Ontario or otherwise, the shares, debentures, debenture stock or other securities of which are dealt in within Ontario.

Application of this Part.

(3) Where a company or any of its officers, agents or brokers, or any person employed or authorized by it for that purpose, directly or indirectly invites or solicits either orally or by a prospectus, or any other means, any other person to apply or subscribe for or to buy or otherwise acquire any shares, debentures, debenture stock or other securities of the company, or where any person who has subscribed for or underwritten or to whom has been allotted the whole or the major part of any issue of the company's shares, debentures, debenture stock or other securities so invites or solicits any person to apply or subscribe for or to buy or otherwise acquire any of such last mentioned shares, debentures, or debenture stock, the company shall be deemed to offer to the public for subscription within the meaning of this Act, its shares, debentures, debenture stock or other securities. R.S.O. 1914, c. 178, s. 99.

When company deemed to be offering shares, etc., to the public.

102.—(1) Upon any offer of shares to the public for subscription a company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such shares, if the payment of the commission and the amount or rate of the commission paid or agreed to be paid are authorized by the

When a commission may be paid.

letters patent or supplementary letters patent and disclosed in the prospectus, and the commission paid or agreed to be paid does not exceed the amount or rate so authorized.

Capital not to be applied in paying commissions except as authorized.

(2) Except as provided by subsection 1 no company shall apply any of its shares or capital, either directly or indirectly, in payment of any commission, discount or allowance to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally for any shares of the company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such shares, whether the shares or capital be so applied by being added to the purchase money of any property acquired by the company or to the contract price of any work to be executed for the company, or be paid out of the nominal purchase money or contract price or otherwise.

Brokerage may be paid.

(3) Nothing in this section shall affect the power of any company to pay such brokerage as it has heretofore been lawful for a company to pay. R.S.O. 1914, c. 178, s. 100.

What companies must file prospectus.

103.—(1) Every public company before offering to the public for subscription shares, debentures, debenture stock or other securities shall issue a prospectus as hereinafter set out.

Purchases, subscriptions, etc., deemed to be induced by prospectus

(2) All purchases, subscriptions or other acquisitions of shares, debentures, debenture stock or other securities of any company required to file a prospectus or a statement in lieu of a prospectus, shall be deemed, as against the company and the signatories to the prospectus or statement, to be induced by such prospectus or statement, any term, proviso or condition thereof to the contrary notwithstanding.

Delivery of copy of prospectus or statement before subscription.

(3) A subscription for shares, debentures or debenture stock shall not be binding on the subscriber unless at or before the subscription there is delivered to him a copy of the prospectus, if any, issued by the company, or if a prospectus has not been issued a copy of the statement mentioned in section 104.

Subscriber after notice must elect to withdraw.

(4) The subscriber to be entitled to the benefit of subsection 3 must elect to withdraw his subscription before or within ten days after notice of the allotment to him of the shares, debentures, or debenture stock for which he has subscribed. R.S.O. 1914, c. 178, s. 101.

Statement in lieu of prospectus.

104.—(1) A company which does not issue a prospectus on or with reference to its formation shall not allot any of its shares, debentures or debenture stock unless, before the first allotment, there has been filed with the Provincial Secretary, in lieu of a prospectus, a statement, Form 5, signed by every person who is named therein as a director or proposed director of the company or by his agent authorized in writing.

(2) This section shall not apply to a private company or to shares subscribed for by the petitioners for the letters patent before the issue thereof. R.S.O. 1914, c. 178, s. 102. Not to apply to private company.

105.—(1) Every prospectus issued by or on behalf of a company shall be dated, and the date shall, unless the contrary is proved, be taken as the date of issue of the prospectus. Date of prospectus.

(2) A copy of every such prospectus shall be signed by every person who is named therein as a director or proposed director or provisional director of the company, or by his agent authorized in writing, and shall, together with the authority in writing verified by affidavit, be filed with the Provincial Secretary before its issue. Prospectus to be signed and filed.

(3) The Provincial Secretary shall not receive or file any prospectus unless it is so dated and signed. Not to be filed until signed, etc.

(4) No prospectus shall be issued until so filed, and every prospectus shall state on the face of it that it has been so filed. R.S.O. 1914, c. 178, s. 103. Not to be issued until filed.

106.—(1) Every prospectus issued by or on behalf of a company or by or on behalf of any person who is or has been engaged or interested in the formation or promotion of the company, shall state— What to be disclosed in prospectus.

- (a) the names, descriptions and addresses of the original incorporators, and the number of shares subscribed for by them respectively; Particulars as to incorporators.
- (b) the number of shares, if any, fixed as the qualification of a director, and any provision in the by-laws of the company as to the remuneration of the directors; Qualification and remuneration of directors.
- (c) the names, descriptions and addresses of the directors or proposed directors; Directors.
- (d) the minimum subscription on which the directors may proceed to allotment, and the amount payable on application and on allotment on each share; and, in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the next preceeding two years, and the amount actually allotted and the amount, if any, paid on the shares so allotted; Subscription upon which allotment may proceed.
- (e) the time or times at which, under the by-laws of the company, a further call or calls may be made upon shares subscribed for; Time of calls.

Shares and bonds allotted for other than cash consideration.

- (f) the number and amount of shares, debentures and debenture stock which within the next preceding two years have been issued or agreed to be issued, as fully or partly paid for, otherwise than in cash, and in the latter case the extent to which they are so paid for, and in either case the consideration for which those shares, debentures or debenture stock have been issued or are proposed or intended to be issued;

Vendors of property to company.

- (g) the names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus and the amount payable in cash, shares, debentures, debenture stock or other securities to the vendor, and where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor, but where the vendors or any of them are a firm the members of the firm shall not be treated as separate vendors;

Consideration for purchase.

- (h) the amount, if any, paid or payable as purchase money in cash, shares, debentures, or debenture stock, or other securities, for any such property, specifying the amount, if any, payable for goodwill;

Commissions.

- (i) the amount, if any, paid within the next preceding two years or payable as commission for subscribing, or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in the company, or for underwriting or procuring underwriting of any securities issued or to be issued by the company or the rate of any such commission;

Preliminary expenses.

- (j) the amount or estimated amount of preliminary expenses;

Promoter's remuneration.

- (k) the amount paid within the next preceding three years or intended to be paid in cash, shares, debentures, debenture stock or other securities, to any promoter and the consideration for any such payment;

Particulars as to material contracts.

- (l) the date of and parties to every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or a contract entered into

more than three years before the date of issue of the prospectus, and a reasonable time and place at which such material contract or a copy thereof may be inspected;

- (m) the names and addresses of the auditors, if any, Names, etc. of auditors. of the company;
- (n) full particulars of the nature and extent of the interest, if any, of every director in the promotion of or in the property proposed to be acquired by the company, or where the interest of such director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares by any person either to induce him to become, or to qualify him as a director or otherwise for services rendered by him in connection with the promotion or formation of the company. Interest of directors in property taken by company.

(2) For the purposes of this section the word "vendor," "Vendor," what to include. shall extend to and include a person who has entered into any contract, absolute or conditional, for the sale or purchase or for any option of purchase, of any property to be acquired by the company where

- (a) the purchase money is not fully paid at the date of issue of the prospectus; or
- (b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus; or
- (c) the contract depends for its validity or fulfilment on the result of such issue.

(3) Where any of the property to be acquired by the company is to be taken on lease, this section shall apply as if the expression "vendor" included the lessor, and the expression "purchase money" included the consideration for the lease and the rent, and the expression "sub-purchaser" included a sub-lessee. When "vendor" includes "lessor."

(4) The requirements as to the original incorporators and the qualification, remuneration, and interest of directors, and the amount or estimated amount of preliminary expenses, shall not apply in the case of a prospectus issued more than one year after the date of the first general meeting. Case of prospectus issued more than one year after first general meeting.

(5) In the case of a prospectus issued more than one year after the date of such meeting the obligation to disclose all material contracts shall be limited to a period of two years next preceding the issue of the prospectus. Obligation to disclose material contracts limited.

When prospectus advertised in newspapers.

(6) Where the prospectus is published in a newspaper it shall not be necessary to specify in the advertisement the names of the original incorporators and the number of shares subscribed for by them.

Application of section.

(7) This section shall not apply to a circular or notice inviting existing shareholders or debenture holders, or debenture stock holders of a company to subscribe for further shares, debentures or debenture stock; but, except as hereinbefore provided, this section shall apply to any prospectus whether issued on or with reference to the formation of a company or subsequently.

Waiver of compliance with section to be void.

(8) Any condition requiring or binding any applicant for shares or debentures or debenture stock, to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void. R.S.O. 1914, c. 178, s. 104.

Penalty.

107.—(1) Every provisional director, director or other person responsible for the issue of a prospectus for every violation of any of the provisions of the next preceding four sections shall incur a penalty not exceeding \$200, unless

Exceptions.

- (a) as regards any matter not disclosed, he was not cognizant thereof; or
- (b) the non-compliance arose from an honest mistake of fact on his part;
- (c) in the case of non-compliance with the requirements of paragraph *n* of subsection 1 of section 106 it is proved that he had no knowledge of the matters not disclosed.

Liability under general law not affected.

(2) Nothing in this section or the next preceding four sections shall limit or diminish any liability which any person may incur under the general law apart from this Act. R.S.O. 1914, c. 178, s. 105.

Capital to be correctly stated in advertisements, etc.

108.—(1) Where any advertisement, letter-head, account or document issued or published by any corporation or any of its officers, agents or employees purports to state the capital of the corporation, unless it is stated to be the authorized capital, then the capital actually and in good faith subscribed and no more shall be so stated.

Penalty.

(2) Any such corporation, officer, agent or employee who causes to be inserted an advertisement or who publishes, issues or causes to be published or issued any advertisement, letter-head, account or document which states the capital, otherwise than as mentioned in subsection 1, or which contains any false statement as to the incorporation, control, supervision, management or financial standing of such cor-

poration shall incur a penalty of not less than \$50 nor more than \$200. R.S.O. 1914, c. 173, s. 106.

109.—(1) Where a prospectus or notice invites subscriptions for shares in, debentures, debenture stock or other securities of a company, every person who is a director of the company at the time of the issue of the prospectus or notice, and every person who having authorized such naming of him is named in the prospectus or notice as a director of the company, or as having agreed to become a director of the company, either immediately or after an interval of time, and every promoter of the company and every person who has authorized the issue of the prospectus or notice, shall be liable to pay compensation to all persons who subscribe for any shares, debentures, debenture stock or other securities on the faith of such prospectus or notice for the loss or damage they may have sustained by reason of any untrue statement in the prospectus or notice, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved that

Liability for statements in prospectus.

Exceptions.

- (a) having consented to become a director of the company he withdrew his consent before the issue of the prospectus or notice, and that the prospectus or notice was issued without his authority or consent; or
- (b) the prospectus or notice was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was so issued; or
- (c) after the issue of such prospectus or notice and before allotment thereunder, he, on becoming aware of any untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of such withdrawal and of the reason therefor; or
- (d) with respect to every untrue statement not purporting to be made on the authority of an expert, or of a public official document or statement, that he had reasonable ground to believe and did up to the time of the allotment of the shares or debentures, as the case may be, believe that the statement was true; or
- (e) with respect to every untrue statement purporting to be a statement by or contained in what purports to be a copy of or extract from a report or valuation of an expert, that it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation, but the director, person named as director, promoter, or

person who authorized the issue of the prospectus, shall be liable to pay compensation as aforesaid, if it is proved that he had no reasonable ground to believe that the person making the statement, report or valuation was competent to make it; or

- (f) with respect to every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, that it was a correct and fair representation of the statement or copy of or extract from the document.

Who to be deemed a promoter.

(2) A promoter in this section shall mean a promoter who was a party to the preparation of the prospectus or notice, or of the portion thereof containing such untrue statement, but shall not include any person by reason of his acting solely in a professional capacity for persons engaged in procuring the formation of the company. R.S.O. 1914, c. 178, s. 107.

Statements in prospectus for raising further capital.

110. Where a company which has issued shares, debentures, debenture stock or other securities is desirous of obtaining further capital by subscriptions for shares, debentures, debenture stock or other securities, and for that purpose issues a prospectus or notice, no director of such company shall be liable in respect of any statement therein unless he authorized the issue of such prospectus or notice or adopted or ratified it. R.S.O. 1914, c. 178, s. 108.

Indemnity where name of person has been improperly inserted.

111. Where any such prospectus or notice contains the name of a person as a director of a company, or as having agreed to become a director thereof, and such person has not consented to become a director, or has withdrawn his consent before the issue of such prospectus or notice, and has not authorized or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus or notice was issued, and any other person who authorized the issue of such prospectus or notice shall be liable to indemnify the person named as director of the company, or as having agreed to become a director thereof, against all damages, costs, charges and expenses to which he may be made liable by reason of his name having been inserted in the prospectus or notice, or in defending himself against any action or legal proceedings brought against him in respect thereof. R.S.O. 1914, c. 178, s. 109.

Contribution from co-director.

112. Every person who by reason of his being a director or named as a director, or as having agreed to become a director, or of his having authorized the issue of the prospectus or notice, has become liable to make any payment under the provisions of this Act shall be entitled to recover contribu-

tion, as in cases of contract from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of a fraudulent misrepresentation. R.S.O. 1914, c. 178, s. 110.

PART VIII.

PUBLIC COMPANIES.

113. This part shall apply to all public companies except those which do not offer shares, debentures or debenture stock to the public for subscription. R.S.O. 1914, c. 178, s. 111. Application of Part VIII.

114.—(1) No allotment shall be made of any share capital offered to the public for subscription unless Restrictions on allotment.

(a) the amount, if any, named in the prospectus as the minimum subscription upon which the directors may proceed to allotment; or,

(b) if no amount is so named the whole amount of the share capital so offered for subscription

has been subscribed, and the sum payable on application for the amount so named, or for the whole amount offered for subscription has been paid to and received by the company.

(2) The amount so named and the whole amount shall be reckoned exclusively of any amount payable otherwise than in cash, and is in this Act referred to as the minimum subscription. Minimum subscription.

(3) The amount payable on application on each share shall not be less than five per centum of the nominal amount of the share. Amount payable on application.

(4) If such conditions have not been complied with on the expiration of ninety days after the first issue of the prospectus all money received from applicants for shares shall be forthwith repaid to them without interest, and if any such money is not so repaid within one hundred days after the issue of the prospectus the directors of the company shall be jointly and severally liable to repay that money with interest from the expiration of the ninety days, but a director shall not be liable if he proves that the loss of the money was not due to any misconduct or negligence on his part. Repayment where conditions not complied with.

(5) The Provincial Secretary may extend the times by this section limited. Extension of time.

(6) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section shall be void. Condition as to waiving compliance void.

Application
of section.

(7) This section, except subsection 3, shall not apply to any allotment of shares subsequent to the first allotment of shares offered by a public company. R.S.O. 1914, c. 178, s. 112.

Effect of
irregular
allotment.

115.—(1) An allotment made by a company to an applicant in contravention of the foregoing provisions of this Part shall be voidable at the instance of the applicant within one month after the holding of the statutory meeting of the company, and not later, and shall be so voidable notwithstanding that the company is in course of being wound up.

Director to
compensate
company and
allottee.

(2) If any director of a company knowingly contravenes or permits or authorizes the contravention of any of the foregoing provisions of this Part with respect to allotment he shall be liable to compensate the company and the allottee respectively for any loss, damages or costs which the company or the allottee may have sustained or incurred thereby.

Proceedings
to be com-
menced
within two
years.

(3) No action shall be brought to recover such loss, damages or costs after the expiration of two years from the date of the allotment. R.S.O. 1914, c. 178, s. 113.

Restrictions
on commence-
ment of
business.

116.—(1) A company shall not commence any business or exercise any borrowing powers unless,

- (a) shares held subject to the payment of the whole amount thereof in cash have been allotted to an amount not less in the whole than the minimum subscription; and,
- (b) every director of the company has paid to the company on each of the shares taken or contracted to be taken by him, and for which he is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares offered by a public company; and,
- (c) there has been filed with the Provincial Secretary a statutory declaration by the secretary or one of the directors in the prescribed form that such conditions have been complied with and the Provincial Secretary has certified as provided by subsection 2;

provided that where money has heretofore been or is hereafter advanced in good faith by way of mortgage or upon any other security or obligation to or for the use or benefit of a company which had not at the time of such advance taken out such certificate, nothing in this section shall affect or be deemed to have affected the right of the person making such advance or of his assignee or personal representative to enforce payment of the mortgage or other security or obligation held by him in respect of such advance. R.S.O. 1914, c. 178, s. 114 (1); 1924, c. 47, s. 11 (1).

Certificate
absence of
not to pre-
judice *bona fide*
creditors.

(2) The Provincial Secretary may, on the filing of the statutory declaration, certify that the company is entitled to commence business, and the certificate shall be conclusive evidence that the company is so entitled, but upon it being shown that the certificate was made upon any false statement or upon the withholding of any material statement the Provincial Secretary may cancel and annul such certificate.

Certificate that company may commence business.

Cancellation of certificate

(3) Any contract made by a company before the date at which it is entitled to commence business shall be provisional only, and shall not be binding on the company until that date, and on that date it shall become binding.

Effect of contracts previously made.

(4) Nothing in this section shall prevent the simultaneous offer for subscription or allotment of any shares, debentures, or debenture stock or the receipt of any money payable on any application.

Simultaneous offer of shares and debentures.

(5) If any company commences business or exercises borrowing powers in contravention of this section every person who is responsible for the contravention shall, without prejudice to any other liability, incur a penalty not exceeding \$50 for every day during which the contravention continues.

Penalty for commencing business before proper time.

(6) Where a company has commenced business without having complied with the requirements of subsection 1 of section 108 of *The Ontario Companies Act, 1907*, and the Lieutenant-Governor in Council is satisfied that the non-compliance was due to inadvertence, error or mistake, and that before commencing business the conditions mentioned in clauses (a) and (b) of that section had been complied with, he may authorize the company to file the statutory declaration *nunc pro tunc*, and if it is filed within one month after the date of the Order in Council it shall have the same effect as if it had been filed before the company commenced business. R.S.O. 1914, c. 178, s. 114 (2-6).

Innocent non-compliance with 7 Edw. VII. c. 34, s. 108.

117. All sums received by the company or by any promoter, director, officer or agent thereof shall be held in trust by the company or such promoter, director, officer or agent until deposited in a chartered bank to the credit of the company and shall be so deposited and there remain in trust until the issue of the certificate by the Provincial Secretary. R.S.O. 1914, c. 178, s. 115.

Moneys to be held in trust.

118.—(1) Where a company makes any allotment of its shares it shall, within two months thereafter, file with the Provincial Secretary,—

Return of allotments.

(a) a return of the allotments, stating whether common or preference, the date of such allotment, and the number and nominal amount of the shares comprised in each allotment, the names, addresses and descriptions of the allottees, and the amount, if any, paid or due and payable on each share; and

- (b) in the case of shares allotted in whole or in part for a consideration other than cash, a contract in writing or notarial copy thereof, constituting the title of the allottee to such allotment, together with any contract of sale, or for services or other consideration in respect of which such allotment was made and a return stating the number and nominal amount of shares so allotted, the extent to which they are to be treated as paid up, and the consideration for which they have been allotted. R.S.O. 1914, c. 178, s. 116 (1); 1924, c. 47, s. 7; 1926, c. 48, s. 4.

Penalty for default.

- (2) If default is made in complying with the requirements of this section every director, manager, secretary or other officer of the company who is knowingly a party to the default shall incur a penalty not exceeding \$50 for every day during which the default continues. R.S.O. 1914, c. 178, s. 116 (2).

Statutory meetings.

119.—(1) Every company shall, within a period of not less than one month nor more than three months from the date at which the company is entitled to commence business, hold a general meeting of its shareholders, which shall be called the statutory meeting.

[As to notice of meetings, see section 46.]

Report to be sent to shareholders.

(2) The directors shall, at least ten days before the day on which the meeting is to be held, send to every shareholder a report certified by not less than two directors stating,—

- (a) the total number of shares allotted, distinguishing shares allotted as fully or partly paid up otherwise than in cash, and stating in the case of shares partly paid up the extent to which they are so paid up, and in either case the consideration for which they have been allotted;
- (b) the total amount of cash received by the company in respect of such shares so distinguished;
- (c) an abstract of the receipts and payments of the company on capital account to the date of the report, and an account or estimate of the preliminary expenses of the company;
- (d) the names, addresses and descriptions of the directors, auditors, if any, manager, if any, and secretary of the company; and
- (e) the particulars of any contract, the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification.

(3) The report, so far as it relates to the shares allotted by the company, and to the cash received in respect of such shares, and to the receipts and payments of the company on capital account, shall be certified as correct by the auditors, if any, of the company.

Report to be certified by auditors.

(4) The directors shall cause a copy of the report so certified to be filed with the Provincial Secretary forthwith after the sending thereof to the shareholders.

Report to be filed with Provincial Secretary.

(5) The directors shall cause a list showing the names, descriptions and addresses of the shareholders and the number of shares held by them respectively, to be produced at the commencement of the meeting, and to remain open and accessible to any shareholder during the continuance of the meeting.

Lists of shareholders to be produced at meeting.

(6) The shareholders present at the meeting shall be at liberty to discuss any matter relating to the formation of the company, or arising out of the report, whether previous notice has or has not been given, but no resolution of which notice has not been duly given may be passed.

Shareholders may discuss business of company at meeting.

(7) The meeting may be adjourned from time to time, and at an adjourned meeting any resolution of which notice has been duly given, either before or subsequently to the former meeting, may be passed, and at the adjourned meeting the same powers may be exercised as at an original meeting.

Adjournments.

(8) If default is made in filing such report or in holding the statutory meeting, then at the expiration of fourteen days after the last day on which the meeting ought to have been held any shareholder may apply to the Court for the winding up of the company, and the Court may either direct that the company be wound up or give directions for the report being filed or a meeting being held, or make such other order as may be deemed just, and may order that the costs of the application be paid by any person who, in the opinion of the Court, is responsible for the default. R.S.O. 1914, c. 178, s. 117.

Application to Court if default made in holding meeting.

120. Where a company incorporated to establish, maintain and conduct a cheese and butter factory and having an authorized capital of ten thousand dollars or less, has commenced business without having complied with the requirements of sections 114, 116, 118 and 119 of this Act, or any of them, and the Lieutenant-Governor is satisfied that the non-compliance was due to inadvertence, error or mistake, and that the said requirements have since been complied with as far as practicable he may grant a certificate that the said requirements have been sufficiently complied with, and such certificate shall relieve the company and the directors from liability under this Act, for non-compliance with the said requirements. 1919, c. 41, s. 4.

Cheese and butter factories.

PART IX.

BOOKS, INSPECTION AND AUDITORS.

Record books
to be kept
and contents.

121. The corporation shall cause the secretary, or some other officer specially charged with that duty, to keep a book or books wherein shall be kept recorded,—

- (a) a copy of the letters patent and of any supplementary letters patent issued to the corporation and, if incorporated by special Act, a copy of such Act, and the by-laws of the corporation duly authenticated;
- (b) the names, alphabetically arranged, of all persons who are or who have been shareholders or members of the corporation;
- (c) the post office address and calling of every such person while such shareholder or member;
- (d) the names, post office addresses and callings of all persons who are or have been directors of the corporation, with the date at which each person became or ceased to be such a director;

And in the case of a corporation having share capital—

- (e) the number of shares held by each shareholder;
- (f) the amounts paid in, and remaining unpaid respectively, on the shares of each shareholder;
- (g) the date and other particulars of all transfers of shares in their order. R.S.O. 1914, c. 178, s. 118.

Books to be
kept at
head office.

122.—(1) The books mentioned in the next preceding section and in section 127, shall be kept at the head office of the corporation within Ontario, whether the company is permitted to hold its meetings out of Ontario or not.

Penalty for
removal.

(2) Any director, officer or employee of a corporation who removes or assists in removing such books from Ontario or who otherwise contravenes the provisions of this section shall incur a penalty of \$200.

Proviso.

(3) Upon necessity therefor being shown and adequate assurance given that such books may be inspected within Ontario by any person entitled thereto after application for such inspection to the Provincial Secretary the Lieutenant-Governor in Council may relieve any corporation permitted to hold its meetings out of Ontario from the provisions of this section upon such terms as he may see fit. R.S.O. 1914, c. 178, s. 119.

123.—(1) No director, officer or employee of the corporation shall knowingly make or assist in making any untrue entry in any of its books, or refuse or neglect to make any proper entry therein. Untrue entries.

(2) Any person wilfully violating the provisions of this section shall be liable in damages for all loss or injury which any person interested may have sustained thereby. Penalty.
R.S.O. 1914, c. 178, s. 120.

124.—(1) If the name of any person is, without sufficient cause, entered in or omitted from any such book, or if default is made or unnecessary delay takes place in entering therein the fact of any person having ceased to be a shareholder or member of the corporation, the person or shareholder or member aggrieved, or any shareholder or member of the corporation, or the corporation itself, may apply to the Supreme Court, for an order that the book or books be rectified, and the Court may either refuse such application or may make an order for the rectification of the book, and may direct the corporation to pay any damages the party aggrieved may have sustained. Powers of Judge as to entries in, omissions from and rectification of books.

(2) The Court may, in any proceeding under this section, decide any question relating to the title of any person who is a party to such proceeding to have his name entered in or omitted from such books, whether such question arises between two or more shareholders, or alleged shareholders, or members, or between any shareholder or alleged shareholder or member and the corporation, and the Court may in any such proceeding decide any question which it may be necessary or expedient to decide for the rectification of the books. Decision as to title.

(3) The Court may direct an issue to be tried. Trial of issue.

(4) An appeal shall lie from the decision of the Court as if the same had been given in an action. Appeal.

(5) This section shall not deprive any Court of any jurisdiction it may otherwise have. Jurisdiction of Courts not affected.

(6) The costs of any proceeding under this section shall be in the discretion of the Court. Costs.
R.S.O. 1914, c. 178, s. 121.

125.—(1) The books mentioned in section 121 shall, during reasonable business hours of every day, except holidays, be kept open for the inspection of shareholders, members and creditors of the corporation and their personal representatives or agents, at the head office or chief place of carrying on its undertaking, and every such shareholder, member, creditor, agent or representative, may make extracts therefrom. Books to be open for inspection.

(2) Any director or officer who refuses to permit any person entitled thereto to inspect such books, or make extracts therefrom, shall incur a penalty not exceeding \$100. Liability for refusal to allow inspection of books.
R.S.O. 1914, c. 178, s. 122.

Books to be
prima facie
evidence.

126. Such books shall be *prima facie* evidence of all facts purporting to be therein stated in any action or proceeding against the corporation or against any shareholder or member. R.S.O. 1914, c. 178, s. 123.

Books of
account to
be kept.

127. The directors shall cause proper books of account to be kept containing full and true statements of,—

- (a) the financial transactions of the corporation;
- (b) the assets of the corporation;
- (c) the sums of money received and expended by the corporation, and the matters in respect of which such receipt or expenditure took place;
- (d) the credits and liabilities of the corporation; and

And minute
books.

a book or books containing minutes of all the proceedings and votes of the corporation, or of the board of directors, respectively, verified by the signature of the president or other presiding officer of the corporation. R.S.O. 1914, c. 178, s. 124.

False returns,
etc.

128. If any person in any return, report, certificate, balance-sheet or other document required by or for the purposes of this Act wilfully makes a statement false in any material particular he shall be liable to imprisonment for a term not exceeding three months, and shall incur a penalty not exceeding \$100 in lieu of or in addition to such imprisonment. R.S.O. 1914, c. 178, s. 125.

Penalty.

The Court
may appoint
an inspector
to make
investigation.

129.—(1) Upon an application by not less than one-fifth in value of the shareholders of a corporation with share capital, or one-fifth in number of the members of a corporation without share capital, the Supreme Court may appoint an inspector to investigate its affairs and management.

Report on
and expense of
investigation.

(2) Such inspector shall report thereon to the Court, and the expense of such investigation shall, in the discretion of the Court, be defrayed by the corporation or by the applicants, or partly by the corporation and partly by the applicants.

Security for
costs.

(3) The Court may require the applicants to give security to cover the probable cost of the investigation, and may make rules and prescribe the manner in which and the extent to which the investigation shall be conducted.

Corporation
may appoint
for same
purpose.

(4) A corporation may, by resolution passed at the annual meeting, or at a special general meeting called for that purpose, appoint an inspector to examine into the affairs of the corporation.

Powers and
duties of
inspector.

(5) The inspector so appointed shall have the same powers and perform the same duties as an inspector appointed by the Supreme Court, and he shall make his report in such

manner and to such persons as the corporation by resolution directs.

(6) All officers and agents of the corporation shall produce for the examination of any inspector appointed under this section all books and documents in their custody or power. Production of books and documents.

(7) Any such inspector may examine upon oath the officers, agents and employees of the corporation in relation to its business. Examination on oath.

(8) If any officer or agent refuses to produce any such book or document, or if any person so examined refuses to answer any question relating to the affairs of the corporation, he shall incur a penalty not exceeding \$20 for each offence. R.S.O. 1914, c. 178, s. 126. Penalty for non-production.

130. The accounts of a corporation shall be examined once at least in every year, and the correctness of the balance-sheet shall be ascertained by an auditor or auditors. R.S.O. 1914, c. 178, s. 127. Annual audit.

131. The first auditors of a corporation may be appointed by the directors before the first meeting of the shareholders or members, and shall hold office until the first general meeting. R.S.O. 1914, c. 178, s. 128. First auditors.

132. Thereafter the auditors shall be appointed by resolution at a general meeting of the corporation and shall hold office until the next annual meeting unless previously removed by a resolution of the shareholders or members in general meeting. R.S.O. 1914, c. 178, s. 129. Subsequent auditors.

133. The auditors may be shareholders or members of the corporation, but no person shall be eligible as an auditor who is interested, otherwise than as a shareholder or member, in any transaction of the corporation; and no director or other officer of the corporation shall be eligible during his continuance in office. R.S.O. 1914, c. 178, s. 130. Auditors may be shareholders.

134. If an appointment of auditors is not made at an annual meeting the Provincial Secretary, on the application of any shareholder or member of the corporation, may appoint an auditor for the current year and fix the remuneration, if any, to be paid to him by the corporation for his services. R.S.O. 1914, c. 178, s. 131. In default Provincial Secretary may appoint.

135. The directors of a corporation may fill any casual vacancy in the office of auditor, but while any such vacancy continues the surviving or continuing auditor or auditors, if any, may act, and any auditor shall be eligible for reappointment. R.S.O. 1914, c. 178, s. 132. Directors may fill casual vacancy.

Remuneration
of auditors.

136. The remuneration of the auditors shall be fixed by the corporation in general meeting, except that the remuneration of any auditors appointed before the first general meeting or to fill any casual vacancy may be fixed by the directors. R.S.O. 1914, c. 178, s. 133.

Rights and
duties of
auditors.

137.—(1) Every auditor shall have the right of access at all times to the books, accounts and vouchers of the corporation, and may require from the directors and officers of the corporation such information and explanation as may be necessary for the performance of his duties.

Certificate
and report.

(2) The auditors shall sign a certificate at the foot of the balance-sheet stating whether or not their requirements as auditors have been complied with, and shall make a report to the shareholders or members on the accounts examined by them, and on every balance-sheet laid before the corporation in general meeting during their tenure of office; and in every such report shall state whether, in their opinion, the balance-sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the corporation's affairs as shown by its books.

Reading at
general
meeting.

(3) Such report shall be read at the general meeting. R.S.O. 1914, c. 178, s. 134.

PART X.

MISCELLANEOUS.

Annual
statement
or return of
the affairs of
the corpora-
tion.

138.—(1) On or before the 1st day of February in each and every year without notice or demand to that effect, every corporation incorporated under the laws of Ontario, and every other corporation having its head or other office or doing business or any part thereof, in the Province of Ontario, shall, unless a corporation liable to payment of taxes under section 3 of *The Corporations Tax Act*, make out, verify and deliver to the Provincial Secretary, as hereinafter required, a detailed statement or return containing as of the 31st day of December next preceding, correctly stated, the following information and particulars:—

Rev. Stat.
c. 29.

Contents of
statement or
return.

- (a) the name of the corporation;
- (b) the jurisdiction under the laws of which the corporation was incorporated;
- (c) the manner in which the corporation is incorporated, whether by special Act, or by letters patent, or otherwise, and the date thereof;
- (d) whether the existence of the corporation is limited, by Statute or otherwise, and, if so, the period of its existence yet to elapse, and whether its existence may be lawfully extended;

- (e) whether the corporation is a valid and subsisting corporation;
 - (f) a concise and general statement of the nature of the business or objects of the corporation;
 - (g) the names, residences and post office addresses of the president, secretary, treasurer, directors, and manager of the corporation;
 - (h) the name and post office address of the chief officer or manager in Ontario;
 - (i) a list alphabetically arranged, of the persons who, on the said 31st day of December next preceding, were shareholders of the corporation, and the residence and post office address of each such person; the number of shares held by each; and the amount, if any, paid thereon;
 - (j) the location of the head office of the corporation, giving the street and number when possible;
 - (k) the location of the principal office in Ontario where the head office is situated outside of Ontario;
 - (l) the date upon which the last annual meeting of the corporation was held;
 - (m) the amount of the bond or debenture debt of the corporation;
 - (n) a detailed statement of the real estate owned by it situated within Ontario, where situate and the value thereof;
- And in the case of a corporation having share capital, in addition,
- (o) the amount of the capital stock of the corporation, and the number of shares into which it is divided;
 - (p) the number of shares issued and allotted and the amount paid thereon;
 - (q) the par value and if without par value, then the market value, or if there be no market value, the actual value of its shares of stock;
 - (r) the total amount of shares issued as preference shares;
 - (s) the total amount paid on such shares;
 - (t) the total number and amount of share warrants and the names, residences and post office addresses of the persons to whom the same were issued;

- (u) the number of shares, if any, issued as consideration for any transfer of assets, goodwill, or otherwise, and the extent to which the same are paid; if none are so issued, this fact to be stated;
- (v) such other information as may be required by Order-in-Council, a copy of which Order-in-Council shall be published in the *Ontario Gazette*;

If the corporation is a mining company to which Part XI is made applicable,

- (w) the number of shares sold or otherwise disposed of at a discount or premium;
- (x) the rate at which such shares were sold or disposed of;
- (y) whether a verified copy of the by-laws, if any, providing for the sale of shares at a discount or otherwise was sent to the Provincial Secretary;
- (z) the date or dates upon which such by-laws, if any, were passed and confirmed. 1921, c. 58, s. 3, *part*; 1924, c. 47, s. 8 (1).

Posting of
statement
or return.

(2) A duplicate of such statement or return with the affidavit of verification shall be posted up in a conspicuous position in the head or principal office in Ontario of the corporation on or before the 2nd day of February in each year, and may be inspected by any shareholder or creditor of the corporation; and the corporation shall keep the same so posted until another statement or return is posted up under the provisions of this Act.

Verification
thereof.

(3) The statement or return of every corporation shall be verified by the affidavit of any two of the following officers of the corporation, namely, the president, vice-president, secretary, treasurer or manager, or such other person or persons connected with the corporation having a personal knowledge of the affairs of the corporation as the Provincial Secretary may require; and if the president or vice-president does not make or join in the affidavit, the reason therefor shall be stated in the affidavit.

Transmission
to Provincial
Secretary.

(4) The statement or return so verified shall, on or before the 8th day of February next after the time hereinbefore prescribed for making the statement or return, be transmitted to the Provincial Secretary. 1921, c. 58, s. 3, *part*.

Penalty for
default.

(5) If a corporation makes default in complying with the provisions of this section, the corporation shall be liable to a penalty of \$20 for every day during which the default continues and every director, manager or secretary of the corporation, who knowingly and wilfully authorizes or permits such default, shall incur the like penalty, but such penalties shall be recoverable only by action at the suit of or brought by a

private person suing on his own behalf with the written consent of the Attorney-General of the Province of Ontario, and the corporation shall also be liable to a tax of double the amount for which it would have been liable under section 141 of this Act, and any penalty or such double tax may be recoverable in any court of competent jurisdiction by action at the suit of the Crown to be tried by a judge without a jury. In any such action the Crown shall have the same right, either before, during or after the trial, to require the production of documents, to examine parties or witnesses or take such other proceedings in aid of the action as a plaintiff has or may take in an ordinary action. 1921, c. 58, s. 3, *part*; 1924, c. 47, s. 8 (2).

(6) Corporations incorporated before the 1st day of July, 1907, under any Act repealed by *The Ontario Companies Act* (1907), except chapter 191 of the Revised Statutes of Ontario, 1897, and Acts consolidated therewith for which that Act was substituted, shall make such statements or returns under this section as are required from corporations without share capital. Corporations incorporated before 1st July, 1907, etc. 1907, c. 34.

(7) The Provincial Secretary may at his discretion and for good cause enlarge the time for making and delivering any such statement or return. Provincial Secretary may enlarge time.

(8) No registrar of deeds or land titles officer shall register any instrument made by or in favour of, or purporting to confer any interest in land, whether by way of caution, certificate or otherwise, upon any corporation regarding which he shall have received notice in writing from the Provincial Secretary that such corporation is in arrears in respect to any such statement or return or any tax or fee payable with such statement or return. 1921, c. 58, s. 3, *part*. Transfer to or by corporation in arrears not to be registered.

139. Every company shall make a return to the Provincial Secretary from time to time, as the same occur, of all changes among the directors, and shall incur a penalty, not exceeding \$20 for every contravention of this section. R.S.O. 1914, c. 178, s. 136. Return to Provincial Secretary of change of directors, etc.

140. The Provincial Secretary may, whenever he sees fit, require a corporation to make a return upon any subject connected with its affairs, and the corporation shall make the return within the time mentioned in the notice requiring the same. R.S.O. 1914, c. 178, s. 137. Return may be required upon any subject.

141.—(1) The Lieutenant-Governor in Council may establish, alter and regulate the tariff of fees to be paid on applications, returns, filings and all transactions under this Act; and may prescribe the form of proceedings and record in respect thereof, and all other matters which he may deem requisite for carrying out the objects of this Act. Tariff of fees to be fixed by Order in Council.

Fees may vary
in amount.

(2) Such fees may be made to vary in amount, having regard to the nature of the corporation, amount of capital and otherwise, as may be deemed expedient.

Restriction.

(3) No step shall be taken towards the issue of any letters patent or supplementary letters patent or the filing of any document under this Act, until all fees therefor and all fees due for any other service have been duly paid. R.S.O. 1914, c. 178, s. 138.

No compliance
with Act to
file returns,
etc., without
payment of
fees.

142. No tender or transmission of any return, by-law or other document shall be a due compliance with the provisions of this Act unless and until the prescribed fee for receiving and filing the same has been paid to and has been accepted by the Provincial Secretary. R.S.O. 1914, c. 178, s. 139.

Evidence
of by-laws.

143. A copy of any by-law of a corporation under its seal and purporting to be signed by any officer of the corporation, or a certificate similarly authenticated, to the effect that a person is a shareholder or member of the corporation, and that dues or other sums payable are due and have not been paid, or that a call or assessment which has been made, is due and has not been paid, shall be received as *prima facie* evidence of the by-law or of the statements contained in such certificate in all courts. R.S.O. 1914, c. 178, s. 140.

Authentication
of summons
and notices.

144. A document or proceeding requiring authentication by a corporation may be signed by any director, manager or other authorized officer of the corporation, and need not be under its seal. R.S.O. 1914, c. 178, s. 141.

Service of
notices.

145. A notice or demand to be served or made by a corporation upon a shareholder or member may be served or made either personally or by registered post, addressed to the shareholder or member at his place of abode as it last appeared on the books of the corporation. R.S.O. 1914, c. 178, s. 142.

Time of
service.

146. A notice or other document served by post by a corporation on a shareholder or member shall be deemed to be served at the time when it would be delivered in the ordinary course of post. R.S.O. 1914, c. 178, s. 143.

Sanctioning
by-laws by
written
consent of all
shareholders.

147. Any by-law by this Act requiring confirmation by the shareholders or members of the corporation may in lieu of confirmation at a general meeting be confirmed by the consent in writing of all the shareholders or members. R.S.O. 1914, c. 178, s. 144.

Proof of
matters under
this Act.

148. Proof of any matter which may be necessary to be made under this Act may be made by statutory declaration, affidavit, or deposition before the Provincial Secretary, or

any officer to whom the matter may be referred by him, or before any person authorized to take affidavits. R.S.O. 1914, c. 178, s. 145.

149. A corporation may, by writing under its common seal, empower any person, either generally or in respect of any specified matters, as its attorney to execute on its behalf deeds to which it is a party in any capacity in any place situate within or without the Province of Ontario; and every deed signed by such attorney, on behalf of the corporation and under his seal, shall bind the corporation and have the same effect as if it were under the common seal of the corporation. 1921, c. 58, s. 2, *part*.

Power of attorney by corporation.

150.—(1) A corporation may have for use in any territory, district or place not situate in the Province of Ontario an official seal, which shall be a facsimile of the common seal of the corporation, with the addition on its face of the name of every territory, district or place where it is to be used.

Power for corporation to have official seal for use abroad.

(2) A corporation having such an official seal may by writing under its common seal, authorize any person appointed for the purpose in any territory, district or place not situate in the Province of Ontario, to affix the same to any deed or other document to which the corporation is party in any capacity in that territory, district or place.

Authority to agent to affix seal.

(3) The authority of any such agent shall, as between the corporation and any person dealing with the agent, continue during the period, if any, mentioned in the instrument conferring the authority, or if no period is therein mentioned, then until notice of the revocation or termination of the agent's authority has been given to the person dealing with him.

Duration of agent's authority to bind corporation.

(4) The person affixing any such official seal shall, by writing under his hand, on the deed or other document to which the seal is affixed, certify the date and place of affixing the same.

Certifying date and period of sealing.

(5) A deed or other document to which an official seal is duly affixed shall bind the corporation as if it had been sealed with the common seal of the corporation. 1921, c. 58, s. 2, *part*.

Official seal to have same effect as common seal.

151. Except so far as otherwise expressly provided by this Act, the penalties imposed by or under the authority of this Act shall be recoverable under *The Summary Convictions Act*, and the provisions of the said Act shall apply to every prosecution hereunder. 1924, c. 47, s. 9, *part*.

Recovery of penalties. Rev. Stat. c. 121.

152. A company or corporation which insures property with or insures the property of other persons, firms, companies or corporations, where such insurance is reciprocal and for

Reciprocal insurance.

protection only and not for profit, shall not be deemed to be an insurer or an insurance corporation within the meaning of this Act, provided that such insurance is effected outside of Ontario and without any solicitation whatsoever in Ontario directly or indirectly on the part of the insurer. 1924, c. 47, s. 9, *part*.

PART XI.

MINING COMPANIES.

Issuing
shares at
a discount.
1907, c. 34.

1912, c. 31.

Rev. Stat.
1914, c. 178.

153. A mining company incorporated before the first day of July, 1907, or thereafter incorporated under *The Ontario Companies Act* (1907), or under *The Ontario Companies Act* (1912), or under *The Ontario Companies Act* (R.S.O. 1914), or under this Act, and made by the letters patent subject to the provisions of this Part, may issue its shares at a discount or at any other rate in the manner hereinafter prescribed. R.S.O. 1914, c. 178, s. 146.

Shareholders
not personally
liable for calls.

154. No shareholder of such a company holding shares, issued as herein provided, shall be personally liable for non-payment of any calls made upon his shares beyond the amount agreed to be paid therefor. R.S.O. 1914, c. 178, s. 147.

By-law author-
izing issue
of shares at a
discount.

155. No shares shall be issued at a discount unless authorized by a by-law of the company fixing and declaring the rate and any other terms and conditions of the issue, confirmed at a general meeting of the shareholders duly called for considering the same. R.S.O. 1914, c. 178, s. 148.

Verified copy
of by-law to
be transmitted
to Provincial
Secretary.

156. A copy of such by-law, within twenty-four hours after the same has been confirmed, shall be transmitted by registered post to the Provincial Secretary, or be filed in his office within five days, and such copy shall be verified as a true copy by the joint affidavit of the president and secretary, and if there are no such officers, or they, or either of them, are, or is, at the proper time unable to make the same, by the affidavit of the president or secretary and one of the directors, or of two of the directors, as the case may require; and if the president or secretary does not make or join in the affidavit the reason therefor shall be stated in the substituted affidavit. R.S.O. 1914, c. 178, s. 149.

What notice to
appear on
documents
issued by
company.

157. Every such company shall have written or printed, immediately after or under its name, wherever such name is used by the company or by any director, officer, servant or employee thereof, and shall have engraved upon its seal the words "NO PERSONAL LIABILITY"; and upon every share certificate issued by the company, distinctly written or printed

in red ink, where such share certificates are issued in respect of shares subject to call, the words "SUBJECT TO CALL"; or, if in respect to shares not subject to call, the words "NOT SUBJECT TO CALL," according to the fact. R.S.O. 1914, c. 178, s. 150.

158.—(1) In the event of any call on shares of such a company remaining unpaid by the holder thereof for a period of sixty days after notice and demand of payment, such shares may be declared to be in default, and the secretary of the company may advertise such shares for sale at public auction to the highest bidder for cash by giving notice of such sale in a newspaper published at the place where the principal office of the company is situate, or if no newspaper is published there, then in a newspaper published at the nearest place to such office, once a week for four successive weeks.

Sale of shares on non-payment of calls.

Notice of sale.

(2) The notice shall contain the numbers of the share certificates in respect of such shares and the number of shares, the amount of the call or calls due and unpaid and the time and place of sale.

Contents of.

(3) In addition to the publication of the notice, it shall be personally served upon such shareholder or sent to him by registered post addressed to him at his last known place of abode.

Service and publication.

(4) If the holder of such shares fails to pay the amount due thereon, with interest and the cost of advertising, before the time fixed for such sale, the secretary shall proceed to sell the same, or such portion thereof as shall suffice to pay such calls together with interest and the cost of advertising and of the sale.

Sale in default of payment.

(5) If the price of the shares so sold exceeds the amount due with interest and costs, the excess shall be paid to the defaulting shareholder on demand. R.S.O. 1914, c. 178, s. 151.

Surplus of proceeds.

(6) In lieu of proceeding to sell under the preceding subsections, the company may maintain an action for the sale of the shares in the Supreme Court and process in such action may be served upon a shareholder resident out of the jurisdiction in the same manner and subject to the same condition as process is permitted to be served out of the jurisdiction in cases provided for by the Consolidated Rules.

Action for sale of shares on non-payment of calls.

(7) When there is any question raised as to the validity of a call or as to the right to sell, an action may be brought in the Supreme Court for the purpose of determining the validity of the call and the right to sell and process in such action may be served on a shareholder resident out of the jurisdiction as provided in subsection 6. 1918, c. 20, s. 30.

Action to determine right to sell.

Appointment
of substitutes
by absent
directors.

159.—(1) A director absent from and resident outside the Dominion of Canada may, if authorized and in such form as may be prescribed by the by-laws of the corporation, by instrument in writing, the execution of which shall be verified by the affidavit of a subscribing witness, appoint and authorize any shareholder holding the number of shares fixed as the qualification of a director to attend and vote, as fully and effectually as if such director were personally present, at any meeting of directors held within the Province of Ontario, and to accept any notice of such meeting.

Acts of
substitute
to be
binding.

(2) All acts done under such authority shall be binding in all respects and to the same extent as if such director granting such authority had done such acts.

Duration of
authority of
substitute.

(3) No authority shall be made for a period exceeding one year, but, if and as provided by the by-laws of the corporation, any such authority may, from time to time, be renewed, and such renewal shall be in writing and so verified.

Authority
to be filed
with
secretary.

(4) Such authority and every renewal thereof so verified shall be filed forthwith with the secretary of the corporation, and a duplicate original so verified, or a notarial copy thereof shall be filed forthwith in the office of the Provincial Secretary. 1925, c. 53, s. 3.

Penalty.

160.—(1) A company which acts in contravention of any provision of this Part and every director, manager or officer thereof shall incur a penalty of \$200.

Relief from
penalty.

(2) A director, manager or officer who proves that he was not a party or privy to the act, and that when he became aware of it he forthwith gave notice thereof to the Provincial Secretary, shall not be liable to the penalty imposed by this section. R.S.O. 1914, c. 178, s. 152.

PART XII.

CO-OPERATIVE CORPORATIONS.

Application of
Part XII to
co-operative
corporations.

161. This Part shall apply to all applications for incorporation of corporations to be operated on a co-operative basis, and to such corporations when incorporated and made by the letters patent subject to the provisions of this Part. 1917, c. 38, s. 1, *part*.

When corpor-
ation to be
deemed co-
operative.

162. A corporation hereafter incorporated shall be deemed to be operated on a co-operative basis if provision is made in its letters patent or by-laws,—

- (a) that no member or shareholder shall have more than one vote; and

(b) that no member or shareholder shall vote by proxy;
and

(c) that the surplus funds arising from the business of the corporation shall be distributed annually as follows:—

(i) Payment of interest on the paid up capital at a rate not exceeding eight per centum per annum;

(ii) Division of the remaining net surplus funds among the members or shareholders in proportion to the volume of business which they have done with or through the corporation;

(iii) Where such surplus does not exceed one per centum of the year's gross business said distribution may be deferred by resolution of the corporation. 1917, c. 38, s. 1, *part*.

163.—(1) Branches may vote at general meetings of the corporation by an equal number of proxies for each branch.

Branches voting at general meetings. Proxies.

(2) The proxy or proxies shall be appointed only by and at a meeting of the branch.

(3) The instrument appointing a proxy under this section shall be signed by the president and secretary of the branch. 1917, c. 38, s. 1, *part*.

164. Before a distribution of the remaining net surplus funds is made, a corporation may, subject to the provision of the by-laws, set aside—

Funds which may be deducted before distributing net surplus funds.

(a) an amount not to exceed twenty per centum of the net surplus funds in any one year, as a reserve fund;

(b) an amount not to exceed five per centum of the net surplus funds in any one year as an educational or community fund;

(c) a trade refund to non-members or non-shareholders at such proportionate rate of that paid to members or shareholders as may be determined by by-law. 1917, c. 38, s. 1, *part*.

165.—(1) Any person, partnership, organization, society, association, company or corporation, either unincorporated, or hereafter incorporated, not being a corporation within the application of this Part, assuming or using in Ontario a name which includes the word "co-operative," shall be guilty of an offence, and any person so acting on behalf of such person, partnership, organization, society, association, company or corporation shall also be guilty of an offence, but where the

Unlawful use of word co-operative.

word "co-operative" forms part of the corporate name of any corporation heretofore duly incorporated by or under the authority of any general or special Act of Ontario, the word may continue to be used in Ontario as part of the corporate name; and any corporation hereafter incorporated which is co-operative according to the provisions of this Part shall use the word "Co-operative" as a part of its name.

Penalty.

(2) Every person guilty of a contravention of subsection 1 shall incur a penalty not exceeding \$100, and in default of payment shall be liable to imprisonment for a term not exceeding three months.

(3) The provisions of this section shall not apply to a company incorporated by or under the authority of the Parliament of Canada. 1917, c. 38, s. 1, *part*.

**Abbreviation
of word co-
operative.**

166. Where the corporation, or any director, manager, officer, employee or member uses the name of the corporation the word "Co-operative" may be abbreviated to "Co-op." 1917, c. 38, s. 1, *part*.

**Transfers
of shares.**

167. No transfer of shares of the company shall be valid unless and until authorized by the board of directors. 1917, c. 38, s. 1, *part*.

**Capital in
form of
notes.**

168. The capital of corporations, not having share capital, may be in the form of a promissory note, called capital note, of each member, payable on demand, or a joint and several note signed by each member, payable on demand, to the corporation in such amounts and in such manner as the by-laws of the corporation may prescribe. 1917, c. 38, s. 1, *part*.

**Application of
capital notes.**

169. The capital notes shall be the absolute property of the corporation and any or all of them may be used by the board of directors, subject to the by-laws of the corporation, as collateral security for any loan or advance to the corporation. 1917, c. 38, s. 1, *part*.

**Members may
pay capital
note in cash.**

170. Any member may, subject to the by-laws of the corporation, and with the consent of the board of directors, but not otherwise, pay all or part of his capital note in cash to the corporation. 1917, c. 38, s. 1, *part*.

**Extent of
liability of
members.**

171. Whenever the capital notes of any of the members are deposited as security for a debt, loan or advance, all the members shall individually share the liability in proportion to the value of the capital note given to the association by each member, but no member shall be liable for a greater amount than the unpaid portion of his capital note. 1917, c. 38, s. 1, *part*.

172. Members shall not be individually liable to meet their capital notes for any liability of the corporation to any creditor before execution against the corporation has been returned unsatisfied in whole or in part. 1917, c. 38, s. 1, *part*. Members not liable until execution returned unsatisfied.

173. Parts VII. and VIII. of this Act shall not apply to a corporation the authorized capital of which is less than \$15,000, or to corporations without share capital, subject to the provisions of this Part. 1917, c. 38, s. 1, *part*; 1919, c. 41, s. 5; 1920, c. 53, s. 2. Companies with capital less than \$15,000.

174. Membership in a corporation may be transferred, but no such transfer shall be valid unless and until authorized by the board of directors. 1917, c. 38, s. 1, *part*. Transfer of membership.

175.—(1) Branches may be organized in any district with the consent of the board of directors by at least five members. Establishment of branches.

(2) A branch shall enact by-laws in conformity with this Act, but no such by-laws shall take effect until approved by the board of directors. 1917, c. 38, s. 1, *part*.

176. A branch shall establish a local board of management which shall have such powers and duties as shall be prescribed from time to time or as may be delegated to it by the board of directors. 1917, c. 38, s. 1, *part*. Local board of management of branch.

177. Every corporation incorporated under this Part shall,— By-laws.

- (a) file a copy of the by-laws or amendments thereof from time to time, certified by the president and secretary, with the seal of the corporation affixed thereto, in the office of the Provincial Secretary, and the by-laws shall not be valid or acted upon until so filed; Filing copy.
- (b) deliver to every member on demand in writing a copy of the by-laws; Delivering copies to members.
- (c) transmit forthwith to the office of the Provincial Secretary a copy of the balance sheet, statement of income and expenditure and report of the auditor presented at the last annual meeting; Transmit statements to Provincial Secretary.
- (d) deliver to every member on demand in writing a copy of the said balance sheet, statement of income and expenditure and report of the auditor. 1917, c. 38, s. 1, *part*. Delivering statements to members.

Powers of
Provincial
Secretary as
to accounts.

178.—(1) The Provincial Secretary may upon the application of any ten members each of whom has been a member for not less than six months immediately preceding the date of the application or upon the application of more than one-third of the total number of such members,

- (a) require the corporation to make a return upon any special subject connected with the affairs of the corporation, and the corporation shall make such return within the term mentioned in the notice requiring such return;
- (b) appoint an accountant to audit the books of the corporation and to report thereon;
- (c) appoint an inspector or inspectors to examine, inspect and report upon the affairs of the corporation;
- (d) call a special meeting of the corporation;
- (e) direct at what time and place a special meeting called as aforesaid is to be held, and what matters are to be discussed and determined at the meeting, and the meeting shall have all the powers of a meeting called according to the by-laws of the corporation, and shall in all cases have power to appoint its own chairman, any by-laws of the corporation notwithstanding. 1917, c. 38, s. 1, *part*; 1920, c. 53, s. 3.

Expenses of
audit, etc.

(2) The expenses incidental to such audit, inspection, or meeting shall be defrayed by the members applying for the same, or officers, or former members or officers, in such proportion as the Provincial Secretary shall direct.

Powers of
auditor
or
inspector.

(3) An auditor or inspector appointed under this section may require the production of all or any of the books, accounts, securities and documents of the corporation and may require its officers, members, agents and servants to furnish such evidence as may be deemed advisable in relation to its business. 1917, c. 38, s. 1, *part*.

Application
of other pro-
visions of Act.

179. Except where inconsistent with the provisions of this Part, the provisions of this Act which apply to companies with share capital shall apply to co-operative corporations using capital in the form of capital notes and the word "share" and "shareholder" in such provisions shall be taken to mean "capital note" and "member" respectively of co-operative corporations. 1917, c. 38, s. 1, *part*.

PART XIII.

COMPANIES OPERATING MUNICIPAL FRANCHISES AND PUBLIC UTILITIES.

Incorporation and Powers.

180. This Part shall apply to all applications for incorporation of companies intended to operate or control any public or municipal franchise, undertaking or utility and which may require for its purposes the erection of any permanent structure in or upon any highway, stream or adjoining navigable waters, and to such companies when incorporated. R.S.O. 1914, c. 178, s. 153.

Application of
this Part of
Act.

181. With the application for incorporation the applicants shall produce to the Provincial Secretary:

Material to
be produced
on application

- (a) evidence that the proposed capital is sufficient to carry out the objects for which the company is to be incorporated; that such capital has been subscribed or underwritten, and that the applicants are likely to command public trust and confidence in the undertaking;
- (b) a detailed description of the plant, works and intended operations of the company, and an estimate of their cost;
- (c) a by-law of every municipality in which the operations of the company are to be carried on, authorizing the execution thereof in the manner set out in such detailed description, where the consent of the council of the municipality is required by law to authorize the company to carry on its operations therein;
- (d) if the undertaking is to be carried on, or in so far as it is to be carried on, in territory without municipal organization, a report from the Minister of Lands and Forests approving of the undertaking;
- (e) if it is proposed that the company shall acquire any plant, works, land, undertaking, good will, contract or other property or assets, a detailed statement of the nature and value thereof;
- (f) such further information as the Provincial Secretary may require. R.S.O. 1914, c. 178, s. 154.

182. The Provincial Secretary may refer the application and all statements, evidence and material filed thereon to engineers, architects, valuers or other experts for consideration, investigation and report regarding the public necessity

Referring
application
to engineers,
etc., for
report.

for the undertaking, the amount of capital required therefor, the value of any plant, works, lands, undertaking, good-will, contract or other property or assets to be acquired and any other matter which may appear to be in the public interest regarding the undertaking. R.S.O. 1914, c. 178, s. 155.

Letters patent
to be issued
on Order in
Council.

183. All letters patent and supplementary letters patent of companies to which the provisions of this Part apply and of all companies heretofore incorporated for any of the purposes mentioned in section 180, shall be issued on the authority of the Lieutenant-Governor in Council, and such letters patent or supplementary letters patent may be issued in terms and on conditions different from those applied for. R.S.O. 1914, c. 178, s. 156.

Notice of
application.

184. Notice of the application shall be published in such manner and shall be given to such persons as the Provincial Secretary may determine. R.S.O. 1914, c. 178, s. 157.

Limitations
in charter.

185. The letters patent or supplementary letters patent, may limit the term of the existence of the company, the rate of dividend payable on the shares of the capital stock, the amount which the company may borrow on debentures, debenture stock, mortgages or other securities and the rate of interest thereon. R.S.O. 1914, c. 178, s. 158.

Proofs, etc.,
to be produced
on application
for Supple-
mentary
letters patent.

186. Upon an application for supplementary letters patent extending the powers, increasing the capital or otherwise varying any term of the letters patent the company shall produce such evidence and statements as are referred to in section 181, and the Provincial Secretary may refer the same in the manner and for the purposes set out in section 182. R.S.O. 1914, c. 178, s. 159; 1921, c. 58, s. 4.

Supplementary
letters patent,
what may be
contained in.

187. The supplementary letters patent may fix the conditions upon which any shares, debentures, debenture stock or other securities of the company, therein authorized to be issued, may be allotted, sold or otherwise disposed of, and may be issued in terms and on conditions different from those applied for, and may vary any term or condition of the application. R.S.O. 1914, c. 178, s. 160.

Rights of
municipality
preserved.

188. No provision contained in this Part or in the letters patent or supplementary letters patent regarding the issue of debentures or other securities or the making of mortgages to secure the same shall in any way prejudice the right which any municipality may have to acquire or take possession of the plant and undertaking of the company. R.S.O. 1914, c. 178, s. 161.

189.—(1) The company may pass by-laws regarding the control and management of its undertaking, its dealings with the public, the collection of tolls, charges, rates or levies for the public service given by the company, and for the use, protection and care of its property while being used, enjoyed or otherwise subject to public use; but no such by-laws shall have any force or effect or be acted upon until approved by the Lieutenant-Governor in Council and notice of the approval has been published four times in a public newspaper published at the place where the undertaking of the company is carried on, or as near thereto as may be, and in the *Ontario Gazette*, unless such publication is dispensed with by the Minister.

Company may pass by-laws for control, etc. of undertaking.

(2) Every person who contravenes any of the provisions of any such by-law shall incur a penalty not exceeding \$20. R.S.O. 1914, c. 178, s. 162.

Penalty.

190. In addition to the other returns which are required by this or any other Act the company shall on or before the 8th day of February in each year make a report to the Provincial Secretary, verified as provided by subsection 3 of section 138, which shall specify

Additional returns.

- (a) the cost of the work, plant and undertaking of the company;
- (b) the amount of its capital, and the amount paid thereon;
- (c) the amount received during the year from tolls, levies, rates and charges and all other sources, stating each separately;
- (d) the amount and rate of dividends paid;
- (e) the amount expended for repairs; and
- (f) a detailed description of any extension or improvement of the works or of any new works proposed to be undertaken in the current year, together with an estimate of the cost thereof. R.S.O. 1914, c. 178, s. 163.

191. The Provincial Secretary may appoint a person to inspect and examine the books of account of the company, and every person so appointed may take copies or extracts from the same, and may require and receive from the keeper of such books, and also from the president and each of the directors of the company, and all the other officers and servants thereof, all such information as to such books and the affairs of the company generally as the person so appointed deems necessary for the full and satisfactory investigation into and report upon the state of the affairs of the company so as to enable him to ascertain the correctness of statements furnished by the company. R.S.O. 1914, c. 178, s. 164.

Inspection of books.

Existence of company may be extended by supplementary letters patent.

192. The Lieutenant-Governor in Council may by supplementary letters patent, extend the term of existence of any company incorporated for a limited period under this or heretofore incorporated under any other general Act for such further period as by Order in Council, made previous to the expiry of such period, he may direct, and the provisions of this Act relating to the expiration of the term of existence of a company shall thereupon apply to such term as so extended. R.S.O. 1914, c. 178, s. 165.

Expropriation.

Powers of expropriation.

193.—(1) A company to which this section is made applicable by the letters patent or supplementary letters patent may take, without the consent of the owner thereof, such lands and easements as may be necessary for the purposes of its undertaking, in like manner, as under the provisions of *The Railway Act*, lands may be expropriated for the purpose of a railway; but any such right of expropriation may be limited or the application of any section of that Act may be excluded.

Rev. Stat. c. 224.

Application of section.

(2) This section shall apply to a company heretofore incorporated under any general or special Act. R.S.O. 1914, c. 178, s. 166.

PART XIV.

WINDING UP OF COMPANIES.

Generally.

Nature of liability of contributory.

194. The liability of any person to contribute to the assets of a corporation under this Act, in the event of the same being wound up, shall be deemed to create a debt accruing due from such person at the time when his liability commenced, but payable at the time or respective times when calls are made as hereinafter mentioned for enforcing such liability. R.S.O. 1914, c. 178, s. 167.

Who liable in case of his death.

195. If a contributory dies either before or after he has been placed on the list of contributories hereinafter mentioned, his personal representatives, heirs and devisees shall be liable in due course of administration to contribute to the assets of the corporation in discharge of the liability of such deceased contributory and shall be deemed to be contributories accordingly. R.S.O. 1914, c. 178, s. 168.

Voluntary Winding up.

Voluntary winding up.

196. A corporation may be wound up voluntarily

- (a) where the period, if any, fixed for the duration of the corporation by the Act, letters patent or instrument of incorporation, or by supplement-

any letters patent has expired; or where the event, if any, has occurred, upon the occurrence of which it is provided by the Act or letters patent or instrument of incorporation or by supplementary letters patent that the corporation is to be dissolved, and the corporation in general meeting has passed a resolution requiring the corporation to be wound up;

- (b) where the corporation, in general meeting called for that purpose, has passed a resolution requiring the corporation to be wound up;
- (c) where the corporation, though it may be solvent as respects creditors, has passed a resolution in general meeting to the effect that it has been proved to its satisfaction that the corporation cannot, by reason of its liabilities, continue its business and that it is advisable to wind it up. R.S.O. 1914, c. 178, s. 169.

197. A winding up shall be deemed to commence at the time of the passing of the resolution authorizing the winding up. R.S.O. 1914, c. 178, s. 170. Commencement of winding up.

198. Whenever a corporation is wound up voluntarily the corporation shall, from the date of the commencement of such winding up, cease to carry on its undertaking, except in so far as may be required for the beneficial winding up thereof; and all transfers of shares, except transfers made to or with the sanction of the liquidators, or alterations in the status of the shareholders or members of the corporation, taking place after the commencement of such winding up, shall be void; but its corporate state and all its corporate powers, notwithstanding that it is otherwise provided by its constating instrument or by-laws, shall continue until the affairs of the corporation are wound up. R.S.O. 1914, c. 178, s. 171. Corporation to cease business.

199. Notice of any resolution passed for winding up a corporation voluntarily shall be given by advertisement in the *Ontario Gazette*, and shall be filed in the office of the Provincial Secretary. R.S.O. 1914, c. 178, s. 172. Publication of notice of winding up.

200.—(1) After the commencement of the winding up, no action or other proceeding shall be proceeded with or commenced against the corporation, and no attachment, sequestration, distress or execution shall be put in force against the estate or effects of the corporation, except by leave of the Court and subject to such terms as the Court may impose. No proceedings against corporation after winding up. Except by leave.

(2) This section shall not apply to any proceeding taken under *The Winding-up Act of Canada*, or other Act respecting insolvency or bankruptcy for the time being in force. R.S.O. 1914, c. 178, s. 173. Exception. R.S.C. 1906, c. 144.

Consequences
of winding up.

201. Upon a voluntary winding up :

Application
of assets.

- (a) the property of the corporation shall be applied in satisfaction of all its liabilities *pari passu*, and, subject thereto, shall, unless it is otherwise provided by the by-laws of the corporation, be distributed rateably amongst the shareholders or members according to their rights and interests in the corporation ;

Priority of
claims of cer-
tain employees
to what extent.

- (b) in distributing the assets of the corporation, the salary or wages of all clerks and wage-earners in the employment of the corporation due at the date of the commencement of the winding up or within one month before, not exceeding three months' salary or wages, shall be paid in priority to the claims of the ordinary general creditors, and such persons shall be entitled to rank as ordinary or general creditors for the residue of their claims ;

Appointment
of liquidator
and remunera-
tion.

- (c) the corporation in general meeting shall appoint such person or persons as it thinks fit to be a liquidator or liquidators for the purpose of winding up the affairs of the corporation and distributing its property, and shall fix the remuneration to be paid to him or them ;

Idem.

- (d) if one person only is appointed all the provisions in reference to several liquidators shall apply to him ;

Powers of
directors to
cease.

- (e) upon the appointment of liquidators all the powers of the directors shall cease except in so far as the corporation in general meeting or the liquidators may sanction the continuance of such powers ;

Powers to be
exercised by
liquidators.

- (f) where several liquidators are appointed every power hereby given may be exercised by such one or more of them as may be determined at the time of their appointment, or in default of such determination by any number not less than two ;

Settlement
of list of
contributories.

- (g) the liquidators shall settle the list of contributories, and any list so settled shall be *prima facie* evidence of the liability of the persons named therein to be contributories ;

Demand pay-
ment from
contributories.

- (h) the liquidators may at any time after the passing of the resolution for winding up, and before they have ascertained the sufficiency of the assets of the corporation, call on all or any of the contributories, for the time being settled on the list of contributories, to the extent of their liability to pay any sum which they may deem necessary to satisfy the debts and liabilities of the corporation, and the

costs, charges and expenses of winding it up, and for the adjustment of the rights of the contributories amongst themselves; and the liquidators may, in making a call, take into consideration the probability that some of the contributories upon whom the same is made may partly or wholly fail to pay their respective portions of the same;

- (i) the liquidators shall pay the debts of the corporation and adjust the rights of the contributories, shareholders or members amongst themselves. Liquidators to pay debts of corporation.
R.S.O. 1914, c. 178, s. 174.

202. All costs, charges and expenses properly incurred in the winding up, including the remuneration of the liquidators, after taxation by one of the taxing officers of the Supreme Court at Toronto who is hereby empowered to tax the same, shall be payable out of the assets of the corporation in priority to all other claims. Payment of costs and expenses. R.S.O. 1914, c. 178, s. 175.

203.—(1) The liquidators shall have power to,— Power of liquidators.

- (a) bring or defend any action, suit or prosecution, or other legal proceeding, civil or criminal, in the name and on behalf of the corporation; Bring or defend actions.
- (b) carry on the business of the corporation so far as may be necessary for the beneficial winding up of the same; Carry on business of corporation.
- (c) sell *en bloc* or in parcels the real and personal property, effects and things in action of the company by public auction or private contract; Sell by public auction or private contract.
- (d) do all acts and execute, in the name and on behalf of the corporation, all deeds, receipts and other documents, and for that purpose use the seal of the corporation; Execute deeds, etc.
- (e) draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the corporation; Draw and endorse promissory notes, etc.
- (f) raise upon the security of the assets of the corporation from time to time any requisite sum or sums of money; Raise sums necessary.
- (g) take out in their official name letters of administration to the estate of any deceased contributory and do in their official name any other act that may be necessary for obtaining payment of any money due from a contributory or from his estate and which act cannot be conveniently done in the name of the corporation; Take out letters of administration, etc.

Do all other things necessary.

(h) do and execute all such other things as may be necessary for winding up the affairs of the corporation and distributing its assets.

Bills of exchange, etc., to be deemed drawn in due course.

(2) The drawing, accepting, making or endorsing of a bill of exchange or promissory note on behalf of the corporation shall have the same effect with respect to the liability of the corporation as if such bill or note had been drawn, accepted, made or endorsed by or on behalf of such corporation in the course of carrying on the business thereof.

When moneys deemed to be due to liquidators.

(3) Where the liquidators take out letters of administration or otherwise use their official name for obtaining payment of any money due from a contributory, such money shall be deemed, for the purpose of enabling them to take out such letters or recover such money, to be due to the official liquidators themselves. R.S.O. 1914, c. 178, s. 176.

Inspectors.

204. A corporation about to be wound up voluntarily, or in the course of being so wound up, may, in general meeting, by resolution, delegate to any committee of its shareholders or members, contributories or creditors, hereinafter referred to as inspectors, the power of appointing liquidators and filling any vacancies in the office of liquidators, or may by a like resolution enter into any arrangement with its creditors with respect to the powers to be exercised by the liquidators and the manner in which they are to be exercised. R.S.O. 1914, c. 178, s. 177.

Deposit in bank by liquidators.

205.—(1) The liquidators shall deposit at interest in some chartered bank at a branch or agency in Ontario all sums of money which they may have in their hands belonging to the corporation, whenever such sums amount to \$100.

Approval of bank by inspectors.

(2) If inspectors have been appointed the bank shall be one approved by them.

Separate deposit account to be kept; withdrawal from account.

(3) Such deposit shall not be made in the name of the liquidators generally, but a separate deposit account shall be kept of the money belonging to the corporation, in the name of the liquidators as such, and of the inspectors, if any; and such money shall be withdrawn only on the joint cheque of the liquidators and one of the inspectors, if there be any.

Liquidators to produce bank pass-book.

(4) At every meeting of the shareholders or members of the corporation the liquidators shall produce a pass-book, showing the amount of the deposits, the dates at which they were made, the amounts withdrawn and dates of withdrawal; of which production mention shall be made in the minutes of the meeting, and the absence of such mention shall be *prima facie* evidence that the pass-book was not produced at the meeting.

(5) The liquidators shall also produce the pass-book when-^{Idem.}
ever so ordered by the Court upon the application of the
inspectors or of a shareholder or member of the corporation.
R.S.O. 1914, c. 178, s. 178.

206.—(1) The liquidators may from time to time, during<sup>Meetings of
corporation
during
winding up.</sup>
the continuance of the winding up, summon general meet-
ings of the corporation for the purpose of obtaining the sanc-
tion of the corporation by resolution, or for any other pur-
pose they think fit.

(2) In the event of the winding up continuing for more<sup>Where wind-
ing up con-
tinues more
than one year.</sup>
than one year the liquidators shall summon a general meet-
ing of the corporation at the end of the first year and of each
succeeding year from the commencement of the winding up,
and shall lay before such meeting an account showing their
acts and dealings, and the manner in which the winding up
has been conducted during the preceding year. R.S.O. 1914,
c. 178, s. 179.

207. If any vacancy occurs in the office of liquidators<sup>Vacancy in
office of
liquidator.</sup>
appointed by the corporation by death, resignation or other-
wise the corporation in general meeting may, subject to any
arrangement it may have entered into with its creditors, upon
the appointment of inspectors, fill such vacancy, and a general
meeting for that purpose may be convened by the continuing
liquidators, if any, or by any contributory, and shall be
deemed to have been duly held in the manner prescribed by
the by-laws of the corporation, or, in default thereof, in the
manner prescribed by this Act for calling general meetings
of the shareholders or members of the corporation. R.S.O.
1914, c. 178, s. 180.

208. The provisions of section 51 of *The Trustee Act* shall<sup>Distribution
of assets.
Rev. Stat.
c. 150.</sup>
apply *mutatis mutandis* to liquidators. R.S.O. 1914, c. 178,
s. 181.

209. The liquidators, with the sanction of a resolution of<sup>Arrangements
may be
authorized
with creditors.</sup>
the corporation in general meeting or of the inspectors, may
make such compromise or other arrangement, as the liqui-
dators deem expedient, with any creditor, or person claiming
to be a creditor, or having or alleging that he has any claim,
present or future, certain or contingent, ascertained or sound-
ing only in damages, against the corporation or whereby the
corporation may be rendered liable. R.S.O. 1914, c. 178, s. 182.

210. The liquidators may, with the like sanction, com-<sup>Power to
compromise
with debtors
and contribu-
tories.</sup>
promise all calls and liabilities to call, debts and liabilities
capable of resulting in debts, and all claims, whether present
or future, certain or contingent, ascertained or sounding only
in damages, subsisting or supposed to subsist between the
corporation and any contributory, alleged contributory or

other debtor or person apprehending liability to the corporation and all questions in any way relating to or affecting the assets of the corporation, or the winding up of the corporation, upon the receipt of such sums, payable at such times and generally upon such terms as may be agreed upon; and the liquidators may take any security for the discharge of such calls, debts or liabilities and give a complete discharge in respect thereof. R.S.O. 1914, c. 178, s. 183.

Take
security.

Power to
accept shares,
etc., as a con-
sideration for
sale of prop-
erty to an-
other com-
pany.

211.—(1) Where a corporation is proposed to be or is in the course of being wound up, and the whole or a portion of its business or property is proposed to be transferred or sold to another corporation, the liquidators of the first mentioned corporation, with the sanction of a resolution in general meeting of the corporation by which they were appointed conferring either a general authority on the liquidators or an authority in respect of any particular arrangement, may receive, in compensation or in part compensation for such transfer or sale, shares or other like interest in such other corporation for the purpose of distribution among the shareholders or members of the corporation which is being wound up in the manner set forth in the arrangement, or may, in lieu of receiving cash, shares, or other like interests, or in addition thereto, participate in the profits of or receive any other benefit from the purchasing corporation. R.S.O. 1914, c. 178, s. 184 (1); 1925, c. 53, s. 4.

Confirmation
of sale or
arrangement
by liquidators.

(2) Any sale made or arrangement entered into by the liquidators in pursuance of this section shall be binding on the shareholders or members of the corporation which is being wound up or on each class of shareholders or members if there be more than one class, provided that in the case of a company, the shareholders or classes of shareholders as the case may be, present in person or by proxy at a general meeting duly called for the purpose, by votes representing three-fourths of the shares or each class of shares represented at such meeting, or in the case of a corporation without share capital, by a majority representing three-fourths in number of the members or each class of members in the event of there being more than one class, approve such sale or arrangement, and such sale or arrangement in either case is approved by an order made by a judge of the Supreme Court in chambers on the application of the corporation. 1925, c. 53, s. 5.

Special resolu-
tion not in-
valid because
prior to
resolution to
wind up.

(3) No resolution shall be deemed invalid for the purposes of this section by reason that it is passed antecedently to or concurrently with a resolution for winding up the corporation or for appointing liquidators. R.S.O. 1914, c. 178, s. 184 (3).

Proving
claims.
Rev. Stat.
c. 162.

212. For the purpose of proving claims, sections 25, 26 and 27 of *The Assignments and Preferences Act* shall *mutatis mutandis* apply except that where the word "judge" is used

there shall be substituted for it the words "master or local master mentioned in section 213." R.S.O. 1914, c. 178, s. 185.

213.—(1) The master, where the head office of the corporation is in the County of York, or the local master where the head office is in any other county or in a district, or the master or any local master where a judge of the Supreme Court deems it more convenient that the application should be made to him, and so directs or allows upon the application of the liquidators or of the inspectors or of any creditor affected by the provisions of section 209, after hearing such parties as he shall direct to be notified, or after such steps as he may prescribe have been taken, may give his opinion, advice or direction in any matter arising in the liquidation, and the same shall be followed and shall be binding upon all parties in the liquidation, subject to an appeal to a judge of the Supreme Court in chambers, if leave to appeal is given by such master or local master or by a judge of the Supreme Court, and the order of the judge shall be final and binding in the liquidation.

Application
to Master
in Ordinary
or Local
Master for
opinion.

By liquidators
or inspectors.

(2) A creditor affected by anything done, or proposed to be done under the authority of section 211, shall have the like right to apply in respect thereof, and in other respects the provisions of subsection 1 shall apply. R.S.O. 1914, c. 178, s. 186.

By creditors.

Winding up under Order of the Court.

214. A corporation may be wound up by order of the Supreme Court,—

Winding up
by Court.

- (a) where it may be wound up voluntarily;
- (b) where proceedings have been begun to wind up voluntarily and it appears to the Court that it is in the interests of contributories and creditors that they should be continued under the supervision of the Court;
- (c) where in the opinion of the Court it is just and equitable for some reason other than the bankruptcy or insolvency of the corporation that it should be wound up;
- (d) where the letters patent have been declared forfeited or revoked or made void. R.S.O. 1914, c. 178, s. 187.

215.—(1) The winding-up order may be made by a judge or local judge of the Supreme Court in chambers upon the petition of the corporation or of a shareholder or member or, when the corporation is being wound up voluntarily, of the liquidator or a contributory or of a creditor having a claim of \$200 or upwards.

Who may
apply.

Notice.

(2) Except where the application is made by the corporation four days' notice shall be given to the corporation before the making of the same. R.S.O. 1914, c. 178, s. 188.

Commence-
ment of
winding up.

216. Where a winding-up order is made by the Court without prior voluntary winding-up proceedings the winding up shall be deemed to commence at the time of service of notice of the presentation of the petition. R.S.O. 1914, c. 178, s. 189.

Powers of
Court.

217. The Court may make the order applied for or may dismiss the petition with or without costs, may adjourn the hearing conditionally or unconditionally, or may make any interim or other order as may be deemed just; and upon the making of the order may, according to its practice and procedure, refer the proceedings for the winding up, and may also delegate any powers of the Court conferred by this Act to any officer of the Court. R.S.O. 1914, c. 178, s. 190.

Appointment
of liquidator.

218.—(1) The Court in making the winding-up order may appoint a liquidator or liquidators of the estate and effects of the corporation; but no such liquidator shall be appointed unless a previous notice is given to the creditors, contributories, shareholders or members in the manner and form prescribed by the Court.

Notice,
when not
necessary.

(2) If a liquidator has already been appointed in a voluntary liquidation such notice need not be given. R.S.O. 1914, c. 178, s. 191.

Appointment
by Court.

219.—(1) If from any cause there is no liquidator acting either provisionally or otherwise the Court may on the application of a shareholder or member of the corporation appoint a liquidator or liquidators.

Removal of
liquidator.

(2) The Court may also, for due cause, remove a liquidator and appoint another liquidator.

The case of
no liquidator.

(3) When there is no liquidator the estate shall be under the control of the Court until the appointment of a liquidator. R.S.O. 1914, c. 178, s. 192.

Proceedings
in winding up
after order.

220. When a winding-up order has been made proceedings for the winding up of the corporation shall be taken in the same manner and with the like consequences as hereinbefore provided for a voluntary winding up, except that the list of contributories shall be settled by the Court unless the same has been settled by the liquidator prior to the winding-up order, in which case such list shall be subject to review by the Court, and except that all proceedings in the winding up shall be subject to the order and direction of the Court. R.S.O. 1914, c. 178, s. 193.

221.—(1) The Court may direct meetings of the share-^{Meetings of} holders or members of the corporation to be summoned, held ^{members of} and conducted in such manner as the Court deems fit for the ^{company may} purpose of ascertaining their wishes, and may appoint a per- ^{be ordered.} son to act as chairman of any such meeting and to report ^{Chairman.} the result of it to the Court.

(2) The Court may require any contributory for the time ^{Order for} being settled on the list of contributories, or any trustee, ^{delivery by} receiver, banker or agent or officer of the corporation to pay, ^{contributories} deliver, convey, surrender or transfer forthwith, or within ^{and others} such time as the Court directs, to the liquidator any sum or ^{of property,} balance, books, papers, estate, or effects which are in his hands ^{etc.} and to which the corporation is *prima facie* entitled.

(3) The Court may make such order for the inspection by ^{Inspection} the creditors and contributories of the corporation of its ^{of books.} books and papers as the Court deems just; and any books and papers in the possession of the corporation may be inspected in conformity with the order of the Court, but not further or otherwise. R.S.O. 1914, c. 178, s. 194.

222.—(1) The Court may, at any time after the com-^{Examination} mencement of the winding up, summon to appear before the ^{of persons be-} Court or liquidator any officer of the corporation, or any ^{fore court or} other person known or suspected to have in his possession any ^{liquidator.} of the estate or effects of the corporation, or supposed to be indebted to it, or any person whom the Court may deem capable of giving information concerning its trade, dealings, estate or effects.

(2) Where in the course of the winding up it appears that ^{Power of} any person who has taken part in the formation or promotion ^{court to} of the corporation or any past or present director, manager, ^{assess dam-} or official or other liquidator, or receiver, or any officer or ^{ages against} employee of the corporation has misapplied, or retained in ^{delinquent} his own hands, or become liable or accountable for, money of ^{directors, etc.} the corporation, or been guilty of any misfeasance or breach of trust in relation to it, the Court may, on the application of a liquidator or of any creditor or contributory, examine into the conduct of the person charged and compel him to repay the money so misapplied or retained, or for which he has become liable or accountable, together with interest at such rate as the Court deems just, or to contribute such sum to the assets of the corporation by way of compensation in respect of such misapplication, retainer, misfeasance or breach of trust as the Court deems just. R.S.O. 1914, c. 178, s. 195.

223.—(1) If a shareholder or member of the corporation ^{Proceedings} desires to cause any proceeding to be taken which, in his ^{by share-} opinion, would be for the benefit of the corporation, and the ^{holders at their} liquidator, under the authority of the shareholders or mem- ^{own expense} bers, or of the inspectors, refuses or neglects to take such ^{and for their} ^{own benefit} only.

proceeding, after being required so to do, the shareholder or member may obtain an order of the Court authorizing him to take such proceeding in the name of the liquidator or corporation, but at his own expense and risk, upon such terms and conditions as to indemnity to the liquidator or corporation as the Court may prescribe.

Benefits,
when exclu-
sively for
shareholders.

(2) Thereupon any benefit derived from such proceeding shall belong exclusively to the shareholder or member instituting the same for his benefit and that of any other shareholder or member who may have joined him in causing the institution of such proceeding.

Benefits,
when for
corporation.

(3) If before such order is granted the liquidator signifies to the Court his readiness to institute such proceeding for the benefit of the corporation, an order shall be made prescribing the time within which he shall do so, and in that case the advantage derived from the proceeding, if instituted within such time, shall belong to the corporation. R.S.O. 1914, c. 178, s. 196.

Rights
conferred by
Act to be in
addition to
other powers.

224. The rights conferred by this Act shall be in addition to any other right of instituting proceedings against any contributory, or against any debtor of the corporation, for the recovery of any call or other sum due from such contributory or debtor or his estate. R.S.O. 1914, c. 178, s. 197.

Stay of pro-
ceedings.

225. At any time after an order has been made for winding up, the Court, upon the application of any contributory and upon proof to its satisfaction that all proceedings in relation to the winding up ought to be stayed, may make an order staying the same, either altogether or for a limited time, on such terms and subject to such conditions as the Court deems fit. R.S.O. 1914, c. 178, s. 198.

Appeal.

226. An appeal shall lie from any order or decision of a local judge, or of any officer to whom a reference is made, to a judge of the Supreme Court sitting in court, as in the case of an appeal from the master's report in an action. R.S.O. 1914, c. 178, s. 199.

To Divisional
Court.

227. An appeal shall lie to a Divisional Court by leave of a judge of the Supreme Court from any order or decision of a judge of that Court in any proceeding in a winding up under an order of the Court when—

R.S.C. 1906,
c. 144, s. 101,
part.

(a) the question raised on the appeal involves future rights; or

(b) the order or decision is likely to affect other cases of a similar nature in the winding up proceedings; or

(c) the amount involved in the appeal exceeds \$500;
and the decision of the Divisional Court shall be final. R.S.O. ^{Decision} ^{final.} 1914, c. 178, s. 200.

228. The Lieutenant-Governor in Council may make rules ^{Rules of} ^{procedure.} for the due carrying out of the provisions of this Part, and, except as otherwise provided by this Act or by such rules, the practice and procedure in a winding up under *The Wind-^{R.S.O. 1906,}* ^{c. 144.} *ing-up Act of Canada* shall apply. R.S.O. 1914, c. 178, s. 201.

229.—(1) Where the affairs of the corporation have been ^{Account of} ^{winding up to} ^{be made by} ^{liquidator to} ^{a general} ^{meeting.} fully wound up, the liquidator shall make up an account showing the manner in which the winding up has been conducted, and the property of the corporation disposed of, and thereupon shall call a general meeting of the shareholders or members of the corporation for the purpose of having the account laid before them and hearing any explanation that may be given by the liquidator, and the meeting shall be called in the manner provided by the by-laws for calling general meetings.

(2) The liquidator shall make a return to the Provincial Secretary of such meeting having been held, and of the date at which the same was held, and the return shall be filed in the office of the Provincial Secretary; and on the expiration of three months from the date of the filing the corporation shall *ipso facto* be dissolved. R.S.O. 1914, c. 178, s. 202. ^{Return of} ^{holding of} ^{meeting to be} ^{sent to Pro-} ^{vincial Secre-} ^{tary.} ^{Dissolution.}

230.—(1) Notwithstanding the provisions of the next preceding section the Court at any time after the affairs of the corporation have been fully wound up may make an order dissolving the corporation, and the corporation shall be dissolved at and from the date of such order. ^{Order for} ^{dissolution.}

(2) The order shall be forthwith reported by the liquidator to the Provincial Secretary. ^{Reports} ^{thereon.}

(3) If the liquidator makes default in transmitting the return, or in reporting the order, if any, declaring the corporation dissolved, he shall incur a penalty not exceeding \$20 for every day during which he is in default. R.S.O. 1914, c. 178, s. 203. ^{Penalty on} ^{default in re-} ^{porting by} ^{liquidator or} ^{in making} ^{return.}

231. All dividends deposited in a bank and remaining unclaimed at the time of the dissolution of the corporation shall be left for three years in the bank where they are deposited, or in another bank if so ordered by the Court or judge, and, if then unclaimed, shall be paid over, with interest accrued thereon, to the Treasurer of Ontario, and if afterwards duly claimed shall be paid over by the Treasurer to the persons entitled thereto. R.S.O. 1914, c. 178, s. 204. ^{Disposition of} ^{unclaimed} ^{dividends.}

232.—(1) Every liquidator shall, within thirty days after the date of the dissolution of the corporation, deposit in the bank appointed or named as hereinbefore provided any other ^{Deposit by} ^{liquidator} ^{with sworn} ^{statement.}

money then in his hands not required for any other purpose authorized by this Act, with a sworn statement giving an account of such money, and stating that the same is all he has in his hands; and in case of default he shall incur a penalty not exceeding \$10 for every day during which he is in default.

Penalty on omission.

Money to remain on deposit for three years.

(2) The money so deposited shall remain deposited as provided by section 231 for three years in the bank, and shall be then paid over, with interest, to the Treasurer of Ontario, and if afterwards duly claimed shall be paid over to the person entitled thereto.

Disposal of books, etc., after winding up.

(3) Where a corporation has been wound up under this Act and is about to be dissolved, the books, accounts and documents of the corporation and of the liquidators may be disposed of as the corporation by resolution directs in case of voluntary winding up or as the Court directs in case of winding up under order.

After five years responsibility as to custody of books, etc., to cease.

(4) After the lapse of five years from the date of such dissolution no responsibility shall rest on the corporation or the liquidators, or any one to whom the custody of such books, accounts and documents has been committed, by reason that the same or any of them are not forthcoming to any person claiming to be interested therein. R.S.O. 1914, c. 178, s. 205.

Provision for discharge of liquidator and distribution by the Court.

233.—(1) Whenever a corporation is being wound up under an order of the Court, and the realization and distribution of its assets has proceeded so far that in the opinion of the Court it becomes expedient that the liquidator should be discharged, and that the balance remaining in his hands of the money and assets of the corporation can be better realized and distributed by the Court, the Court may make an order discharging the liquidator and for payment, delivery and transfer into Court, or to such officer or person as the Court may direct, of such money and assets, and the same shall be realized and distributed by or under the direction of the Court among the persons entitled thereto in the same way as nearly as may be as if the distribution were being made by the liquidator.

R.S.C. 1906, c. 144, s. 47.

Disposal of books and documents.

(2) In such case the Court may make an order directing how the books, accounts and documents of the corporation and of the liquidator may be disposed of, and may order that they be deposited in Court or otherwise dealt with as may be thought fit. R.S.O. 1914, c. 178, s. 206.

Application to winding up The Toronto Railway Company.

234. The provisions of this Part shall, notwithstanding anything to the contrary in this Act contained, apply to and be deemed to have always applied to The Toronto Railway Company, incorporated by an Act of this Legislature passed in the year 1892, chaptered 99. 1925, c. 53, s. 2.

PART XV.

GENERAL PROVISIONS.

235.—(1) The Lieutenant-Governor in Council may by supplementary letters patent, upon the application of a corporation or of a shareholder, a creditor or a holder of bonds, debentures, debenture stock, or other securities or obligations thereof, or of any person with whom the corporation may have dealings, relieve the corporation from any duty, obligation or other disability which may have been imposed, or may limit any right, power or other advantage which may have been conferred upon the corporation by the repeal of the general Act under which it was incorporated and by the enactment of *The Ontario Companies Act* (1907) or of *The Ontario Companies Act* (1912), or of *The Ontario Companies Act* (R.S.O. 1914), or of this Act.

Varying powers or obligations of existing corporations affected by repeal of former enactments.

1907, c. 34.
1912, c. 31.
Rev. Stat.
1914, c. 178.

(2) Notice shall thereupon be given by the Provincial Secretary of such supplementary letters patent in the *Ontario Gazette*, setting out the manner in which any such duty, obligation or other disability has been relieved or in which such right, power or other advantage has been limited. R.S.O. 1914, c. 178, s. 207.

Publication of the change.

236.—(1) This Act, except in so far as it is otherwise expressly declared, shall apply to:

Application of Act.

(a) every company incorporated under any special or general Act of the Parliament of the late Province of Upper Canada;

(b) every company incorporated under any special or general Act of the Parliament of the late Province of Canada which has its head office and carries on business in Ontario, and which was incorporated with objects or purposes to which the authority of this Legislature extends;

(c) every corporation incorporated under any of the Acts repealed by *The Ontario Companies Act* (1907), or under any Act for which any of such repealed Acts was substituted or to which any of such Acts was applicable;

1907, c. 34.

(d) every company incorporated under a special Act to which any of the provisions of *The Ontario Joint Stock Companies' General Clauses Act* or any Act for which that was substituted was applicable;

Rev. Stat.
1897, c. 189.

(e) every corporation incorporated under *The Ontario Companies Act* (1907), or *The Ontario Companies Act* (1912), or *The Ontario Companies Act* (1914), or this Act;

1907, c. 34.
1912, c. 31.
Rev. Stat.
1914, c. 178.

Application
of Act.

(f) every company incorporated under any general or special Act of this Legislature;

Rev. Stat.
c. 222.

except a company incorporated for the construction and working of a railway, incline railway or street railway, the business of insurance except as provided by *The Insurance Act*, and the business of a corporation within the meaning of *The Loan and Trust Corporations Act*, except as provided by that Act. R.S.O. 1914, c. 178, s. 208 (1); 1914, c. 29, s. 4 (1).

Rev. Stat.
c. 223.

Proviso.

237. The Lieutenant-Governor in Council may relieve any company incorporated before the 1st day of July, 1907, from compliance with any of the provisions of this Act. R.S.O. 1914, c. 178, s. 208 (2).

General
corporate
powers of
certain
companies.

238. Every corporation or company heretofore or hereafter created,

(a) by or under any special or general Act of the Parliament of the late Province of Upper Canada;

(b) by or under any special or general Act of the Parliament of the late Province of Canada, which has its head office and carries on business in Ontario, and which was incorporated with objects or purposes to which the authority of this Legislature extends;

1907, c. 34.

(c) by or under any of the Acts repealed by *The Ontario Companies Act* (1907), or under any Act for which any of such repealed Acts was substituted or to which any of such Acts was applicable;

Rev. Stat.
1897, c. 189.

(d) by or under a special Act to which any of the provisions of *The Ontario Joint Stock Companies General Clauses Act* or any Act for which that was substituted were applicable;

(e) by or under any general or special Act of this Legislature,

shall, unless otherwise expressly declared in the Act or instrument creating it, have, and be deemed from its creation to have had, the general capacity which the Common Law ordinarily attaches to corporations created by charter. 1916, c. 35, s. 6.

PART XVI.

INSURANCE COMPANIES.

239. In this Part, unless the context otherwise requires, ^{Interpretation.} the words and expressions defined in section 1 of *The Insurance Act*, as used herein, shall have the same meaning as in the said ^{Rev. Stat. c. 222.} *Act*. 1924, c. 47, s. 10, *part*.

240.—(1) The provisions of this Part shall apply to ^{Application.} all applications for incorporation of insurers intending to undertake contracts of insurance within Ontario, and to such insurers when incorporated, and to all insurers heretofore incorporated under the law of Ontario.

(2) Except where inconsistent with the provisions of this Part, the provisions of this Act shall apply to all such insurers. 1924, c. 47, s. 10, *part*.

Incorporation of Joint Stock Insurance Companies.

241. A joint stock insurance company may be incorpor- ^{Incorporation.} ated under the provisions of this Act for the purpose of undertaking and transacting any class of insurance for which a joint stock insurance company may be licensed under the ^{Rev. Stat. c. 222.} provisions of *The Insurance Act*. 1924, c. 47, s. 10, *part*.

242.—(1) Applicants for incorporation shall, immedi- ^{Notice.} ately prior to the application, publish in at least four consecutive issues of the *Ontario Gazette* notice of their intention to apply, and shall also, if so required, publish elsewhere notice of such intention.

(2) Applicants for incorporation shall also give at least ^{Notice to superintendent.} one month's notice of their intention to apply for incorporation to the superintendent. 1924, c. 47, s. 10, *part*.

243.—(1) If the company undertakes life insurance the ^{Capital stock of life company to be not less than \$500,000.} authorized capital stock shall be not less than \$500,000.

(2) If the company undertakes any one or more classes of ^{In other cases to be not less than \$300,000.} insurance other than life, the authorized capital stock shall be not less than \$300,000.

(3) The capital stock shall be divided into shares of \$100 ^{Value of shares.} each.

(4) All money received on account of shares shall be paid ^{Application of money received on account of shares.} into a branch or agency in Ontario of some chartered bank of Canada or into a registered trust company in trust for the proposed corporation, and no money paid on account of shares before the first general meeting of the company has been

organized shall be withdrawn or paid over to the company until after such meeting has been organized and an election of directors had thereat. 1924, c. 47, s. 10, *part*.

Increase
of capital.

(5) The provisions of subsection 3 of section 16 of this Act shall not apply to a joint stock insurance company heretofore or hereafter incorporated under the laws of Ontario. 1926, c. 48, s. 5.

Amalgama-
tion.

Rev. Stat.
c. 222.

244. Subject to the approval of the agreement of amalgamation by Order-in-Council pursuant to the provisions of *The Insurance Act*, the provisions of section 10 of this Act shall apply to the amalgamation of two or more joint stock insurance companies. 1924, c. 47, s. 10, *part*.

Incorporation of Mutual and Cash-Mutual Insurance Corporations.

Incorporation:
with
guarantee
capital.

Rev. Stat.
c. 222.

245.—(1) A mutual or cash-mutual corporation with guarantee capital stock may be incorporated under the provisions of this Act for the purpose of undertaking and transacting any class of insurance for which a mutual or cash-mutual insurance corporation may be licensed under the provisions of *The Insurance Act*.

Without
guarantee
capital.

(2) A mutual insurance corporation without guarantee capital stock may be incorporated under the provisions of this Act for the purpose of undertaking contracts of fire insurance upon agricultural property, weather insurance or live-stock insurance, on the premium note plan. 1924, c. 47, s. 10, *part*; 1925, c. 53, s. 6.

Mutual Fire Insurance Corporations without Guarantee Capital Stock.

Meeting to
establish
corporation:
how called.

246. Ten freeholders in any municipality may call a meeting of the freeholders thereof to consider whether it is expedient to establish therein a mutual fire insurance corporation without guarantee capital stock to undertake contracts of fire insurance upon agricultural property, on the premium note plan. 1924, c. 47, s. 10, *part*; 1925, c. 53, s. 7.

Advertise-
ment calling
meeting.

247. The meeting shall be called by advertisement stating the time, place and object of the meeting; and the advertisement shall be published once in the *Ontario Gazette* and once a week for three successive weeks in a newspaper published in the county or district in which the municipality is situate. 1924, c. 47, s. 10, *part*.

Subscription
book.

248. If thirty freeholders are present at the meeting and a majority of them determine that it is expedient to establish a mutual fire insurance corporation they may elect from

among themselves three persons to open and keep a subscription book in which owners of real or personal property within Ontario may sign their names and enter the sum for which they shall respectively bind themselves to effect insurance with the corporation. 1924, c. 47, s. 10, *part*.

249. When one hundred or more of such owners have signed their names in the subscription book and bound themselves to effect insurance in the corporation amounting in the aggregate to not less than \$250,000, a meeting shall be called as hereinafter provided. 1924, c. 47, s. 10, *part*. When meeting may be called.

250.—(1) When the subscription has been completed, any ten of the subscribers may call the first meeting of the proposed corporation at such time and place within the municipality as they may determine by sending a printed notice by mail, addressed to every subscriber at his post office address at least ten days before the day of the meeting, and by advertisement in a newspaper published in the county or district in which the municipality is situate. How meeting to be called.

(2) The notice and advertisement shall state the object of the meeting and the time and place at which it is to be held. 1924, c. 47, s. 10, *part*. Contents of notice.

251.—(1) At such meeting, or at any adjournment of it, the name and style of the company, which shall include the words "fire" and "mutual" shall be adopted, a secretary *ad interim* appointed, a board of directors elected as hereinafter provided and some central and generally accessible place within the municipality or within a municipality adjacent thereto, named, at which the head office of the company shall be located. Election of directors.

(2) The presence of at least twenty-five of the subscribers shall be necessary to constitute a valid meeting. Quorum of meeting.

(3) As soon as convenient after the meeting the secretary *ad interim* shall call a meeting of the board of directors, for the election from among themselves of a president and vice-president, for the appointment of a secretary and a treasurer or a secretary-treasurer, or a manager and the transaction of such other business as may be brought before the meeting. 1924, c. 47, s. 10, *part*. Meeting of directors to elect president and officers.

252.—(1) With the application for incorporation the applicants shall produce to the Provincial Secretary, certified as correct under the hands of the chairman and secretary:— Certain documents to be delivered.

(a) a copy of the minutes of the meeting including all resolutions respecting the objects of the proposed corporation, its name or style and location of its head office;

- (b) a copy of the subscription book;
- (c) a list showing the names and addresses of the directors elected and of the officers appointed;
- (d) such further information as the Provincial Secretary may require.

Production
of originals.

(2) There shall also, for verification, be produced to the Provincial Secretary, if requested, the originals of such documents. 1924, c. 47, s. 10, *part*.

Provincial
Secretary to
ascertain
correctness
of proceed-
ings.

253. The Provincial Secretary shall ascertain and determine whether the proceedings for the incorporation have been taken in accordance with the provisions of this Part, and whether the subscriptions are *bona fide* and by persons possessing property to insure. 1924, c. 47, s. 10, *part*.

Powers.

254. The letters patent or supplementary letters patent shall limit the powers of a mutual fire insurance corporation without guarantee capital stock incorporated under the provisions of the preceding sections to undertaking contracts of fire insurance upon agricultural property on the premium note plan in accordance with the provisions of *The Insurance Act*. 1924, c. 47, s. 10, *part*; 1925, c. 53, s. 8.

Rev. Stat.
c. 222.

*Incorporation of Mutual Live Stock Insurance Corporations
without Guarantee Capital Stock.*

Meeting to
establish
corporation:
—how called.

255.—(1) Ten owners of live stock in any municipality may call a meeting of the owners of live stock to consult whether it is expedient to establish a live stock insurance corporation upon the mutual plan.

Organiza-
tion; applica-
tion of
several
provisions.

(2) The mode of calling such meeting and the proceedings for the formation of the corporation shall be the same *mutatis mutandis* as in the case of the formation of a mutual fire insurance corporation without guarantee capital stock except that the determination that it is expedient to establish the corporation shall be by thirty residents of the municipality being owners of live stock in Ontario, and that the meeting for the organization of the corporation shall not be held unless and until fifty owners of live stock in Ontario have signed their names to the subscription book and bound themselves to effect insurance in the corporation which in the aggregate shall amount to not less than \$50,000. 1924, c. 47, s. 10, *part*.

Powers of
corporation.

256. The letters or supplementary letters patent shall limit the powers of a mutual live stock insurance corporation incorporated under the provisions of the preceding sections, to undertaking contracts of insurance against loss of live stock by fire, lightning, accident, disease or any other means, except

that of design on the part of the insured or by the invasion of an enemy or by insurrection, on the premium note plan. 1924, c. 47, s. 10, *part*.

Incorporation of Mutual Weather Insurance Corporations without Guarantee Capital Stock.

257.—(1) Ten owners of agricultural property in any municipality may call a meeting of the owners of agricultural property to consult whether it is expedient to establish therein a weather insurance corporation upon the mutual plan.

(2) The mode of calling such meeting and the proceedings for the formation of the corporation shall be the same *mutatis mutandis* as in the case of the formation of a mutual fire insurance corporation without guarantee capital stock except that the determination that it is expedient to establish the corporation shall be by thirty residents of the municipality being owners of agricultural property in Ontario, and that the meeting for the organization of the corporation shall not be held unless and until fifty owners of agricultural property in Ontario have signed their names to the subscription book and bound themselves to effect insurance in the corporation which in the aggregate shall amount to not less than \$50,000. 1924, c. 47, s. 10, *part*.

258. The letters patent or supplementary letters patent shall limit the powers of a mutual weather insurance corporation without guarantee capital stock incorporated under the provisions of the preceding sections, to undertaking contracts of insurance on the premium note plan on any kind of agricultural property against loss or injury arising from such atmospheric disturbances, discharges or conditions as the contract of insurance shall specify. 1924, c. 47, s. 10, *part*.

Cash-Mutual Fire Insurance Corporations: Conversion of Cash-Mutual into Joint Stock Companies.

259. No cash-mutual insurance corporation shall hereafter be incorporated unless formed with guarantee capital stock as hereinafter provided. 1924, c. 47, s. 10, *part*.

260. Sections 261 to 266 shall apply only to cash-mutual fire insurance corporations licensed pursuant to the provisions of *The Insurance Act* prior to the 1st day of January, 1914. 1924, c. 47, s. 10, *part*.

261.—(1) A cash-mutual insurance corporation which now has a share or stock capital, with the assent of the Lieutenant-Governor in Council, may from time to time increase its share or stock capital to such an amount as he may deem expedient.

Notice of application.

(2) Notice of any application to the Lieutenant-Governor in Council under this section shall be published in at least four consecutive issues of the *Ontario Gazette*. 1924, c. 47, s. 10, *part*.

Subscribers to become shareholders of corporation.

262. Every subscriber to such share capital shall, on allotment of one or more shares, become a shareholder of the corporation. 1924, c. 47, s. 10, *part*.

Insurance on cash plan not to constitute membership.

263. No insurance on the wholly cash plan shall make the insured a member of the corporation, or liable to contribute or pay any sum to the corporation, or to its funds, or to any other member thereof, beyond the cash premium agreed upon, or give him any right to participate in the profits or surplus funds of the corporation. 1924, c. 47, s. 10, *part*.

Dividends.

264. The net annual profits and gains of the corporation not including therein any premium notes shall be applied in the first place to pay a dividend on the share capital not exceeding the rate of ten per centum per annum, and the surplus, if any, shall be applied in the manner provided by the by-laws of the corporation. 1924, c. 47, s. 10, *part*.

When cash-mutual company may become a joint stock company.

265.—(1) A corporation which has surplus assets, not including premium notes, sufficient to reinsure all its outstanding risks may be formed into a joint stock company upon making application in the manner provided in this Act for the incorporation of joint-stock insurance companies.

Approval of members and shareholders.

(2) The application shall not be made until approved by the members by a vote representing at least two-thirds of the amount of the unexpired risks, and if the corporation has share capital, by two-thirds in value of the shareholders, at an annual general meeting or at a special general meeting and by three-fourths in number of the directors of the corporation in writing signed by them.

Notice of application.

(3) Notice of the intention to make the application, and of the consideration thereof at such meeting, shall be given by advertisement in the *Ontario Gazette* and in a newspaper published in the county or district in which the head office of the corporation is situate at least once a week for four successive weeks before the holding of the meeting.

Priority of members in subscribing to stock.

(4) Every person who is a member of the corporation on the day of the meeting shall be entitled to priority in subscribing to the capital stock of the corporation for one month after the opening of the books of subscription in the ratio that the insurance held by him bears to the aggregate of the unexpired risks then in force. 1924, c. 47, s. 10, *part*.

Vesting of assets and preservation of liabilities.

266. Any corporation formed under the provisions of the next preceding section shall be answerable for all liabilities of the corporation from which it has been formed, and may sue

and be sued under its new corporate name, and the assets and property of the old corporation shall be vested in the new corporation from the date of its formation. 1924, c. 47, s. 10, *part*.

Mutual Insurance Corporations with Guarantee Capital Stock.

267.—(1) A mutual or cash-mutual insurance corporation may be formed with an authorized guarantee capital stock of not less than \$300,000 nor more than \$500,000. Amount of guarantee capital.

(2) The guarantee capital stock shall be divided into shares of \$100 each. 1924, c. 47, s. 10, *part*. Amount of shares.

268. The shareholders of the guarantee capital stock shall be entitled to a semi-annual dividend of not more than four per centum on their respective shares if the net profits or unused premiums left after all expenses, losses and liabilities then incurred with the reserve for re-insurance are provided for, shall be sufficient to pay the same. 1924, c. 47, s. 10, *part*. Dividends.

269. The guarantee capital shall be applied to the payment of losses only when the corporation has exhausted its assets exclusive of uncollected premiums and when thus impaired, the directors may make good the whole or any part of it by assessments upon the contingent funds of the corporation at the date of such impairment. 1924, c. 47, s. 10, *part*. Payment of loss out of guarantee capital.

270. Shareholders and members of such corporations shall be subject to the provisions of this Act relative to their right to vote as applied to shareholders and policyholders in mutual or cash-mutual corporations incorporated without guarantee capital stock. 1924, c. 47, s. 10, *part*. Right to vote.

271.—(1) The said guarantee capital stock shall be retired when the profits accumulated equal two per centum of the insurance in force. Retirement of guarantee capital stock.

(2) The said guarantee capital stock may be reduced or retired by vote of the policyholders of the corporation with the assent of the Superintendent if the net assets of the corporation, above its reinsurance reserve and all other claims and obligations, exclusive of the guaranteed capital stock, for the two years last preceding, and including the date of its last annual statement, shall be not less than twenty-five per centum of the guaranteed capital stock. 1924, c. 47, s. 10, *part*. Retirement of guarantee capital stock.

272. Notice of the intention of the corporation to reduce or retire the guarantee capital stock under the provisions of the preceding section shall be published in at least four consecutive issues of the *Ontario Gazette*, not less than thirty days Notice.

before the meeting when such action may be taken and elsewhere if so required by the Superintendent. 1924, c. 47, s. 10, *part*.

Distribution
of guarantee
capital stock.

273. No mutual or cash-mutual insurance corporation with a guarantee capital stock which has ceased to do new business shall divide among its stockholders any part of its assets or guarantee capital except income from investments until it shall have performed or cancelled its policy obligations and upon proof to the Superintendent that such policy obligations have been performed or cancelled. 1924, c. 47, s. 10, *part*.

*Mutual and Cash-Mutual Insurance Corporations:
Their Internal Management.*

Application of
ss. 275-290.

274. Sections 275 to 290 shall apply only to mutual and cash-mutual fire insurance corporations and to mutual live stock and mutual weather insurance corporations. 1924, c. 47, s. 10, *part*.

Premium
note plan.

275.—(1) Any person insured under a policy issued by a corporation shall, from the date upon which the insurance becomes effective, be deemed a member of such corporation.

Member's
liability.

(2) No member shall be liable in respect of any loss of claim or demand against the corporation beyond the amount unpaid upon his premium note.

Members
withdrawing.

(3) Any member may, with the consent of the directors, withdraw from the corporation upon such terms as the directors may lawfully prescribe subject to the provisions of *The Insurance Act*. 1924, c. 47, s. 10, *part*.

Rev. Stat.
c. 222.

Annual
meeting for
election of
directors.

276.—(1) A meeting of the shareholders and members for the election of directors shall be held within the first two months of every year at such time and place as may be prescribed by the by-laws of the corporation.

Annual
statement.

(2) Before the election the annual statement for the year ending on the previous 31st day of December shall be presented and read. 1924, c. 47, s. 10, *part*.

Failure
to elect
directors.

277. If an election of directors is not made on the day on which it ought to have been made the company shall not for that cause be dissolved, but the election may be held on a subsequent day, at a meeting to be called by the directors or as otherwise provided by the by-laws of the company, and in such case the directors then in office shall continue to hold office until their successors are elected. 1924, c. 47, s. 10, *part*.

Notice of
annual or
special
meetings.

278.—(1) Notice of every annual, general or special general meeting of the corporation shall be sent by post to every shareholder and member and shall be published in a

newspaper published at or near the place where the head office is located at least two weeks previous to the day of the meeting.

(2) The directors may convene a general meeting of the corporation at any time. 1924, c. 47, s. 10, *part*. Power of directors.

279.—(1) A member of the corporation shall be entitled at all meetings of the corporation to the number of votes in proportion to the amount of insurance held by him according to the following scale: Under \$1,500, one vote; \$1,500 to \$3,000, two votes; and \$3,000 or over, three votes; but no member shall be entitled to vote while in arrear for any assessment or cash payment due by him to the corporation. Voting powers of members.

(2) Where a policy on the premium note plan is made to two or more persons one only shall be entitled to vote, and the right of voting shall belong to the one first named on the register of policyholders if he is present, and if not present to the one who stands second, and so on. Where policy made to two or more persons.

(3) Where property is insured by a trustee board any person duly appointed in writing pursuant to its resolution may vote on his behalf. 1924, c. 47, s. 10, *part*. Where property insured by trustee board.

280. No applicant for insurance shall be competent to vote or otherwise take part in the corporation's proceedings until his application has been accepted by the directors. 1924, c. 47, s. 10, *part*. Right of mere applicants.

281.—(1) No person shall be eligible to be or shall act as a director unless he is a member of the corporation and insured therein for the time he holds office, Qualification of directors.

(a) in the case of a live stock insurance corporation to the amount of not less than \$200; and

(b) in the case of every other corporation to the amount of not less than \$800.

(2) Where the corporation has a share capital, not less than two-thirds of the directors shall also be holders of shares each to the amount of not less than \$1,000 upon which all calls have been paid. Where corporation has a share capital.

(3) The president or director of a member corporation which has the qualifications which would qualify an individual to be a director shall be eligible to be a director of the corporation. Representation of corporations.

(4) Where a partnership has the qualifications which would qualify an individual to be a director of the corporation one member of the partnership shall be eligible to be a director of the corporation. 1924, c. 47, s. 10, *part*. Representation of partnerships.

Number of
directors.

282.—(1) The board shall consist of six, nine, twelve or fifteen directors, as shall be determined by resolution passed at the meeting held under section 250.

Increase or
decrease in
number, how
made.

(2) The number of directors may from time to time be increased or decreased if so determined at a special general meeting of the corporation called for the purpose, or at an annual general meeting, if notice in writing of the intention to propose a by-law for that purpose at such annual meeting is given to the secretary of the corporation at least one month before the holding of the meeting; but the increased or decreased number of directors shall in any such case be six, nine, twelve or fifteen.

Notice of
proposed
change.

(3) Where such a notice has been given to the secretary that fact shall be stated in the notice of the annual general meeting.

Copy of
resolution
and list of
directors to
be filed.

(4) With the copy of the by-law filed with the Superintendent there shall be filed a list of the directors elected thereunder certified under the hands of the chairman and secretary of the meeting. 1924, c. 47, s. 10, *part*.

Remuneration
of directors.

283. At any annual general meeting of the shareholders or members of a corporation, or at any special general meeting thereof, if such purpose was clearly expressed in the notice of the special general meeting, it shall be lawful to enact by-laws for the remuneration of the directors, and a certified copy of every such by-law shall, within seven days after its passing, be filed with the Provincial Secretary. 1924, c. 47, s. 10, *part*.

Retirement
of directors
in rotation.

284. One-third of the directors shall retire annually in rotation and at the first meeting of the directors, or as soon thereafter as possible, it shall be determined by lot which of them shall hold office for one, two or three years respectively, and the determination shall be entered on the minutes of the meeting. 1924, c. 47, s. 10, *part*.

Annual elec-
tion to fill
vacancies.

285. At every annual general meeting thereafter one-third of the total number of directors shall be elected for a period of three years, to fill the places of the retiring directors, who shall be eligible for re-election. 1924, c. 47, s. 10, *part*.

Manager
may be a
director;

286. The manager of the corporation, although he has not the qualifications required by section 281, may be a director of the corporation and may be paid an annual salary under a by-law passed as provided by section 283. 1924, c. 47, s. 10, *part*.

his salary.

Certain
persons not
eligible as
directors.

287.—(1) No agent or paid officer, or officer of the bankers of the corporation, or person in the employment of the corporation, other than the manager, shall be eligible to be elected as a director or shall interfere in the election of directors.

(2) Nothing herein shall apply to a person receiving applications for insurance, or taking to his own use the customary application, survey or policy fee, not exceeding \$1.50 in respect of any one policy, or prevent a director from so doing. 1924, c. 47, s. 10, *part*.

288.—(1) The election of directors shall be held and made by such shareholders and members as attend for that purpose in their proper persons, or in the case of a corporation or partnership by a person authorized in writing to represent it.

(2) The election shall be by ballot.

(3) If two or more members have an equal number of votes, so that less than the whole number to be elected appear to have been chosen directors by a majority of votes, the members present shall proceed to ballot until it is determined which of the persons so having an equal number of votes shall be the director or directors.

(4) The directors shall at their first meeting after any such election elect by ballot from among themselves a president and vice-president, and the secretary shall preside at such election. 1924, c. 47, s. 10, *part*.

289. If a vacancy occurs among the directors during the term for which they have been elected by death, resignation, ceasing to have the prescribed qualification, insolvency, or by absence without previous leave of the directors, from three successive regular meetings which shall, *ipso facto* create such vacancy, the vacancy, in the case of a board limited to six directors, shall be filled and in the case of a board limited to a number of directors exceeding six, may be filled, until the next annual general meeting, by any person duly qualified chosen by a majority of the remaining directors as soon as may be after the vacancy occurs, and at the next annual general meeting the vacancy shall be filled for the portion of the term still unexpired. 1924, c. 47, s. 10, *part*.

290.—(1) Three directors shall constitute a quorum for the transaction of business, and in the case of an equality of votes at any meeting the question shall pass in the negative.

(2) A director disagreeing with the majority at a meeting may have his dissent recorded with his reasons therefor. 1924, c. 47, s. 10, *part*.

General.

291. Subject to the approval of the agreement of amalgamation by Order-in-Council pursuant to the provisions of *The Insurance Act*, the provisions of section 10 of this Act shall apply *mutatis mutandis* to the amalgamation of two or more mutual or cash-mutual insurance corporations. 1924, c. 47, s. 10, *part*.

Reserve
fund of
mutual and
cash-mutual
insurance
corporations.

292.—(1) Subject to the provisions of subsection 5 a mutual or cash-mutual insurance corporation may form a permanent reserve fund, to consist of such part of the net profits as may from time to time be set aside by the directors for that purpose or to be made up by annual assessments for that purpose not exceeding, for any single assessment, ten per centum on the premium notes held by the corporation, until the total of the fund reaches two per centum of the corporation insurance in force.

Investment
and income.

(2) Such fund shall be held for the security of the insured and shall be subject to the provisions of this Act relating to the investment of the funds of insurance companies. The income from the fund shall be included in the general receipts of the company and shall constitute a part of the "net profits," if any, as defined in this section.

Use of re-
serve fund.

(3) The fund so accumulated shall be used for the payment of losses and expenses when the cash funds of the company in excess of an amount equal to its liabilities (including guarantee capital if any) are exhausted; and when the said fund is drawn upon the allocation of profits or assessments as aforesaid may be renewed or continued until the limit of accumulation as herein provided is reached.

Reduction
of fund
prohibited.

(4) The said fund may not be reduced by the payment of dividends to shareholders or members or by reduction of current premiums below the limit of two per centum of the insurance in force hereinbefore mentioned, but it may be increased beyond the said limit if the company so desires.

Application
of section.

(5) This section shall not apply to corporations undertaking life insurance nor to purely mutual fire insurance corporations insuring risks other than mercantile or manufacturing, upon the premium note plan, nor to purely mutual live stock or weather insurance companies, carrying on business on the premium note plan. 1924, c. 47, s. 10, *part*.

Incorporation of Fraternal Societies.

Incorporation.

293. The Lieutenant-Governor may, by letters patent, grant a charter to any number of persons, not less than seventy five, of the age of twenty-one years, who petition therefor, constituting such persons and any others who have signed the membership book, and persons who thereafter become members in the fraternal society thereby created, a corporation for the purpose of undertaking any class of insurance for which a fraternal society may be licensed under the provisions of *The Insurance Act*. 1924, c. 47, s. 10, *part*.

Rev. Stat.
c. 222.

Notice.

294. Applicants for incorporation shall immediately prior to the application, publish in at least four consecutive issues of the *Ontario Gazette* notice of their intention to apply, and shall also, if so required, publish elsewhere notice of such intention. 1924, c. 47, s. 10, *part*.

295.—(1) The applicants for the incorporation of a fraternal society may petition the Lieutenant-Governor for the grant of a charter. Petition.

(2) The petition shall show,—

Particulars.

- (a) the proposed name of the fraternal society;
- (b) the place within Ontario where the head office of the fraternal society is to be situated;
- (c) the name in full, the place of residence and the calling of each of the applicants who are to be the first trustees or managing officers of the fraternal society;
- (d) such other information as the Provincial Secretary may require.

(3) The petition shall be accompanied by the original membership book or list containing the signatures duly certified, of at least seventy-five persons who thereby agree to become members of the fraternal society if and when incorporated, by a copy of the proposed by-laws of the fraternal society, and by evidence that the approval of the Superintendent to the proposed by-laws and rules has been obtained. Other documents.
1924, c. 47, s. 10, *part*.

296. Within thirty days after the issue of the letters patent, and upon due notice to all members of the society, an organization meeting of the society shall be held at which the by-laws shall be adopted and the officers of the society elected. Organization meeting.
1924, c. 47, s. 10, *part*.

297.—(1) Where a fraternal society licensed under the provisions of *The Insurance Act*, has its head office elsewhere than in Ontario, the grand or other provincial body of the lodges or a majority of the lodges in Ontario may petition the Lieutenant-Governor for the grant of a charter and from the time of the issue of the letters patent, the applicants shall become a corporation for the purpose of undertaking any class of insurance for which a fraternal society may be licensed under the provisions of *The Insurance Act*. Incorporation of foreign fraternal society.
Rev. Stat. c. 222.

(2) The provisions of section 293 shall apply to an incorporation under this section. Application of s. 293.

(3) Before the issue of the letters patent evidence shall be produced to the Provincial Secretary that the approval of the Superintendent to the petition has been secured. Approval of superintendent.
1924, c. 47, s. 10, *part*.

298. An auxiliary or local subordinate body or branch of a licensed fraternal society may be separately incorporated by like proceedings and under the authority of the preceding section. Incorporation of local branch.
1924, c. 47, s. 10, *part*.

Amalgamation
or reinsurance
by fraternal
society.

Rev. Stat.
c. 222.

299.—(1) Subject to the provisions of *The Insurance Act*, any fraternal society may, in the manner herein provided, amalgamate with any other fraternal society or transfer all or any portion of its contracts to or reinsure the same with any insurer licensed for the transaction of life insurance and may enter into all agreements necessary to such amalgamation, transfer or reinsurance.

Agreement
for amalga-
mation, etc.

Proviso.

(2) Notwithstanding anything contained in its Act or instrument of incorporation or its constitution or laws, the governing executive authority may enter into any such agreement on behalf of the society through its principal officer and secretary; provided that no such agreement shall be binding or effective unless and until evidence satisfactory to the Superintendent is produced showing that the principle of amalgamation, transfer or reinsurance has been approved or that the agreement has been confirmed by a vote of the majority of the members present or duly represented at a general or special meeting of the supreme legislative or governing body of the society regularly called. 1925, c. 53, s. 9.

Confirmation
of amalga-
mation.

300. The provisions of subsection 5 of section 10 shall apply *mutatis mutandis* to the amalgamation of two or more fraternal societies. 1925, c. 53, s. 10.

Incorporation of Mutual Benefit Societies.

Incorporation.

Rev. Stat.
c. 222.

301. A mutual benefit society may be incorporated for the purpose of undertaking any class of insurance for which a mutual benefit society may be licensed under the provisions of *The Insurance Act*, and the provisions of this Part relating to fraternal societies shall apply *mutatis mutandis* to the incorporation of mutual benefit societies and to such societies when incorporated.

Name.

(2) The proposed name and style of a mutual benefit society incorporated under the provisions of this Act shall include the words "mutual benefit." 1924, c. 47, s. 10, *part*.

Incorporation of Pension Fund Societies and Employees Mutual Benefit Societies.

Application.

302. Sections 303 to 316 shall apply to pension fund and employees' mutual benefit societies incorporated under the provisions of this Part. 1924, c. 47, s. 10, *part*.

Interpretation

303. In sections 304 to 316:—

"Parent
corporation."

(a) "parent corporation" means the corporation any of whose officers establish a pension fund and employees mutual benefit society under the provisions of this Part;

- (b) "society" means a pension fund and employees mutual benefit society incorporated under the provisions of this Part. 1924, c. 47, s. 10, *part*.

304. The Lieutenant-Governor may, by letters patent, grant a charter to the president, vice-president, general manager, assistant general manager, cashier, assistant cashier and inspector of any corporation legally transacting business in Ontario under any Act of the Province of Ontario, or to any two of the said officials, with any other of the superior officers, constituting such persons, and the employees of such corporation who join the said society and those who replace them from time to time, a pension fund and employees mutual benefit society, and such society shall be a body corporate and politic. 1924, c. 47, s. 10, *part*.

Charter by
letters patent.

305.—(1) The applicants for the incorporation of a society may petition the Lieutenant-Governor for the grant of a charter.

Application
for charter.

(2) The petition shall show:—

Contents of
petition.

- (a) the proposed name of the society;
- (b) the name of the parent corporation;
- (c) the place within Ontario where the head office of the society is to be situated;
- (d) the name in full and place of residence and calling of each of the applicants;
- (e) the names, not less than five, of those who are to be the provisional directors of the society. 1924, c. 47, s. 10, *part*.

306. Notice of the proposed incorporation of such society shall be given by publication in the *Ontario Gazette* for four weeks and in such notice shall be given,—

Notice;
contents of.

- (a) the exact name of the society;
- (b) the head office of the society; and
- (c) the name of the secretary thereof. 1924, c. 47, s. 10, *part*.

307. The provisional directors shall have power to call the first meeting of the society, and at such meeting directors may be elected and by-laws may be passed under the provisions of this Act; and upon the passing of such by-laws, a copy thereof shall be filed with the Provincial Secretary within two weeks after the passing thereof and copies of subsequent by-laws in amendment thereof, in addition thereto or diminution therefrom shall also be filed with the Provincial Secretary within two weeks from the passing thereof. 1924, c. 47, s. 10, *part*.

First meeting;
election of
directors.

Directors.

308. The affairs of the society shall be administered by a board of directors who shall be appointed or elected in such manner, in such number, with such qualifications, and for such period as are determined by the by-laws; but at the first meeting of the society to be held under this Act five directors shall be elected, subject to addition to such number if so sanctioned by the by-laws, and other officers may be appointed in such manner, with such remuneration, and under such provisions touching their powers and duties as are established by the by-laws. 1924, c. 47, s. 10, *part*.

Powers and
objects of
society.

309. After its incorporation under this Act every pension fund and employees mutual benefit society shall have the power by means of voluntary contribution or otherwise as its by-laws provide, to form a fund, and may invest, hold and administer the same and from and out of the said fund may,—

- (a) provide for the support and payment of pensions to officers and employees of the parent corporation incapacitated by age or infirmity; and,
- (b) upon the death of such officers or employees, pay annuities or gratuities to their widows and minor children or other surviving relatives in such manner as by the by-laws may be specified;
- (c) provide for the payment of benefits to officers and employees of the parent corporation incapacitated by illness, accident or disability;
- (d) upon the death of such officers or employees, pay a funeral benefit in such manner as by the by-laws may be specified. 1924, c. 47, s. 10, *part*.

Power to
pass by-laws.

310.—(1) Every such incorporated society shall have all corporate powers necessary for the purpose of this Act and may make by-laws not contrary to law defining and regulating in the premises, and prescribing the mode of enforcement of, all the rights, powers and duties of,—

- (a) the society;
- (b) the individual members thereof;
- (c) the officers and employees of the parent corporation;
- (d) the widows and orphans or other surviving relatives of such officers and employees;
- (e) the parent corporation.

Additional
by-laws.

(2) Every such incorporated society may also make by-laws as aforesaid for:—

- (a) the formation and maintenance of the said fund;
- (b) the management and distribution thereof generally;

(c) the enforcement of any penalty or forfeiture in the premises;

(d) the government and ordering of all business and affairs of the society.

(3) No such by-law shall have any force or effect unless the same has been sanctioned by the board of directors of the parent corporation. 1924, c. 47, s. 10, *part*. Sanction of parent corporation.

311. All the powers, authority, rights, penalties and forfeitures whatsoever in the premises, whether of the society or of the individual members thereof, or of the officers and employees thereof, or of such widows and orphans and relatives, or of the parent corporation shall be such and such only and may be enforced in such mode and in such mode only, as by such by-laws shall be defined and limited. 1924, c. 47, s. 10, *part*. Enforcement of by-laws.

312. All the revenues of the society, from whatever source derived, shall be devoted exclusively to the maintenance of the society and the furtherance of the objects aforesaid of the said fund and to no other purpose whatever. 1924, c. 47, s. 10, *part*. Revenue.

313. The parent corporation may, and it is hereby authorized to contribute annually or otherwise to the funds of the said society, by a vote of either its directors or its shareholders. 1924, c. 47, s. 10, *part*. Contribution by parent corporation.

314. The interest of any member in the funds of the society shall not be transferable or assignable in any manner whatsoever by way of pledge, hypothecation, sale or security. 1924, c. 47, s. 10, *part*. Prohibition against member assigning interest.

315.—(1) When it is shown to the satisfaction of the Provincial Secretary that the accounts of a society have been materially or wilfully falsified, or where there is filed in the office of the Provincial Secretary a requisition for audit bearing the signatures, addresses and occupations of at least twenty-five per centum of the members of the society and alleging in a sufficiently particular manner to the satisfaction of the Provincial Secretary specific fraudulent or illegal acts, or the repudiation of obligations or insolvency, the Provincial Secretary may appoint one or more accountants or actuaries who shall, under his direction, make a special audit of the books and accounts and report thereon in writing verified upon oath to the Provincial Secretary. Special audit.

(2) Where an audit is requested the persons requesting it shall, with their requisition, deposit with the Provincial Secretary security for the costs of the audit in a sum not exceeding \$300, and where the facts alleged in the requisition appear to the Provincial Secretary to have been partly or

wholly disproved by the audit he may pay the costs thereof partly or wholly out of the deposit.

Duty of
officers to
facilitate
special audit.

(3) The society, its officers and servants shall facilitate the making of such special audit so far as it is in their power, and shall produce for inspection and examination by the person so appointed such books, securities and documents as he may require.

Expense of
special audit.

(4) Subject to the provisions of subsection 2, the expense of such special audit shall be borne by the society, and the auditor's account, when approved in writing by the Provincial Secretary, shall be paid by the society forthwith. 1924, c. 47, s. 10, *part*.

Return to
Provincial
Secretary.

316. Every society formed under this Act shall at all times when thereunto required by the Provincial Secretary make a full return of its assets and liabilities and of its receipts and expenditures for such period and with such details and other information as the Provincial Secretary requires. 1924, c. 47, s. 10, *part*.

Investments.

Authorized
investments.

317.—(1) An insurer incorporated under and subject to the provisions of this Act may invest its capital, reserve, surplus and trust funds in any securities in which, under *The Trustee Act*, trustees may invest trust funds.

Rev. Stat.
c. 150.

Loans.

(2) Any such insurer may lend its funds or any portion thereof on the security of any of the securities mentioned in the preceding subsection.

Loans by
life insurer.

(3) Any such insurer undertaking life insurance, may lend on the security of its own life or endowment policies, but not in excess of the loan values of such policy.

Effect of
constitution
and rules
of certain
insurers.

(4) Where the constitution or rules of a corporation, branch or lodge prescribe the securities in which its funds shall be invested, nothing in this Act shall enlarge the power of investment.

Disposal of
unauthorized
investments.

(5) The Superintendent may request any insurer to dispose of and realize any of its investments acquired after the passing of this Act and not authorized by this Act, and such insurer shall within sixty days after receiving such request absolutely dispose of and realize the said investments, and if the amount realized therefrom falls below the amount paid by such insurer for the said investments the directors of the insurer shall be jointly and severally liable for the payment to such insurer of the amount of the deficiency: provided that if any director present when any such investment is authorized does forthwith, or if any director then absent does within twenty-four hours after he becomes aware of such investment and is able to do so, enter on the minutes of the board of directors his

Directors'
liability.

protest against the same, and within eight days thereafter gives notice of his protest by registered letter to the Superintendent, such director may thereby, and not otherwise, exonerate himself from such liability. 1924, c. 47, s. 10, *part*. Exoneration.

Forfeiture for Nonuser or Discontinuance.

318.—(1) If an insurer incorporated under the law of Ontario whether under this Act or under any general or special Act, does not go into actual *bona fide* operation within two years after incorporation, or if, after an insurer has undertaken contracts, such insurer discontinues business for one year, or if its license remains suspended for one year, or is terminated otherwise than by effluxion of time and is not renewed within the period of sixty days the insurer's corporate powers shall *ipso facto* cease and determine, except for the sole purpose of winding up its affairs; and in any action or proceeding where such nonuser is alleged proof of user shall be upon the insurer, and the Supreme Court upon the petition of the Attorney-General, or of any person interested, may limit the time within which the insurer shall settle and close its accounts, and may for that purpose or for the purpose of liquidation generally appoint a receiver. When charter to be forfeited for non-user or discontinuance.

(2) No such forfeiture shall affect prejudicially the rights of creditors as they exist at the date of the forfeiture. 1924, c. 47, s. 10, *part*. Rights of creditors.

Winding Up.

319.—(1) The provisions of Part XIV of this Act relating to the winding up of companies shall apply to insurers incorporated under or subject to the provisions of this Act except where inconsistent with this Part. Application of Part XIV.

(2) Where the company, corporation or society is not constituted exclusively or chiefly for insurance purposes and the insurance branch and fund are completely severable from every other branch and fund of the company, corporation or society, the word "insurer" for the purposes of the following sections, shall mean only the insurance branch of the company, corporation or society. 1924, c. 47, s. 10, *part*. "Insurer," etc., meaning of.

320.—(1) When an insurer incorporated under or subject to the law of Ontario proposes to go into voluntary liquidation, at least one month's notice shall be given to the Superintendent of the intention to voluntarily wind up the insurer. Notice to Superintendent.

(2) The notice shall state the date at which contracts are to cease to be taken by the insurer also the name and address of the insurer's liquidator or the intention of the insurer to apply on a stated date for the appointment of a liquidator. 1924, c. 47, s. 10, *part*. Contents of notice.

Consent of Superintendent to voluntary winding up.

(3) No fraternal society to which this Act applies shall go into voluntary liquidation or otherwise arrange for the winding up of its affairs without the written consent of the Superintendent. 1925, c. 53, s. 11.

Unearned premium.

321. Where any insurer is wound up each person contracted with on the cash plan shall be entitled to a refund from the insurer of the unearned proportion of the cash premium calculated from the date at which the insurer, according to the notice, ceased to undertake contracts; but this shall not affect any other remedy which such person shall have against the insurer. 1924, c. 47, s. 10, *part*.

Liquidator may reinsure policyholders.

322.—(1) Upon a winding up under this Act, the liquidators may without the consent of the policyholders, arrange for the reinsurance of the contracts of its policyholders, in some duly licensed insurer, and for the purpose of securing such reinsurance, the entire assets of the insurer in Ontario shall be available except the amount required to pay the claims of the preferred creditors, the amount of the costs of liquidation, and the amount required to pay claims accrued under the insurers policy contracts, of which notice has been received by the insurer prior to the date such reinsurance is effected, all of which payments shall be a first charge upon the said assets of the insurer, and creditors of the insurer other than the policyholders and said preferred creditors shall be entitled to receive a dividend on their claims only if the said assets are more than sufficient to provide for the payments aforesaid and for the reinsurance of the contracts of the said policyholders.

Partial reinsurance if assets insufficient.

(2) If the said assets of the insurer are insufficient to provide for the payment specified in the next preceding subsection and for the reinsurance of the contracts of the said policyholders in full, the reinsurance may be effected for such a percentage of the full amount of the contracts as the said assets will secure.

Approval by Court and superintendent.

(3) No contract of reinsurance made in pursuance of this section shall become effective until approved by the Court and by the Superintendent.

Application, Part XIV.

(4) In the event of the reinsurance provided for by this section being effected, the Court may in its discretion declare that any section of Part XIV of this Act shall not apply, and on such declaration being made the section so specified shall cease to apply to any of the parties concerned in the liquidation.

Employment of assets where complete reinsurance not effected.

(5) If the liquidator fails to secure the reinsurance of the policyholders, in full or for a percentage thereof as hereinbefore provided, the said assets shall, subject to the payment of the costs of liquidation and the preferred claims be avail-

able to pay the claims of the policyholders calculated as at the date of winding-up in the manner provided by *The Insurance Act*.

Rev. Stat.
c. 222.

(6) Nothing in this section shall prejudice or affect the priority of any mortgage lien or charge upon the property of the insurer. 1924, c. 47, s. 10, *part*.

Secured
creditors not
affected.

323.—(1) Where, in the case of a fraternal society endowment or expectancy insurance is transacted and there exists an endowment fund separate and distinct from the life insurance fund then by resolution duly passed at a general meeting, ordinary or special, after at least one month's notice of such intended resolution, the society may determine that the endowment or expectancy shall be discontinued, and that the endowment or expectancy fund shall be distributed *pro rata* among the members then in good standing who are contributing to such fund according to the total contribution of such member.

Resolution
for distribu-
tion of endow-
ment funds.

(2) After the resolution has been assented to by the Superintendent and filed with the Provincial Secretary, the executive officers may proceed to ascertain the persons intended to rank upon the fund and may distribute the fund among those so entitled and such distribution shall discharge the society and all executive officers thereof from all further or other liability in respect of such fund and of the endowment or expectancy contracts undertaken by the society.

Distribution
of funds;
effect of.

(3) If all the members interested in the endowment or expectancy fund are also interested as holders of life insurance contracts, the general meeting, instead of determining that the endowment or expectancy fund shall be distributed, may determine that such fund shall be converted into or merged in a life insurance fund and after the resolution has been assented to and filed as provided in the preceding subsection, the endowment or expectancy fund shall become and be a life insurance fund. 1924, c. 47, s. 10, *part*.

Conversion
into life insur-
ance fund.

324. Notwithstanding anything in this Act or in *The Insurance Act*, where an insurer is being wound up voluntarily the Superintendent may renew or extend the license of any insurer for the purpose of its winding up. 1924, c. 47, s. 10, *part*.

Renewal or
continuance
of license for
winding-up
purposes.

Rev. Stat.
c. 222.

325.—(1) In addition to the provisions of the preceding sections an insurer may be wound up by order of the Supreme Court whenever its license has expired or been withdrawn under the provisions of *The Insurance Act*, and has not been renewed after such expiry or withdrawal.

Winding up
under order
of the Court

Rev. Stat.
c. 222.

(2) Where an insurer is wound up under the provisions of subsection 1 the winding up shall be deemed to commence at the beginning of the day from which the license of the insurer expired or was cancelled. 1924, c. 47, s. 10, *part*.

When
winding up
commences.

8. The stock is to be divided into..... shares of
.....dollars each.

9. The said
.....
are to be provisional directors of the company.

10. By subscribing therefor in a Memorandum of Agreement, duly
executed in duplicate, with a view to the incorporation of the
company, your petitioners have taken the amount of stock set
opposite their respective names, as follows:—

Petitioners.	Amount of stock subscribed for.
.....	\$.....
.....	\$.....
.....	\$.....
.....	\$.....

YOUR PETITIONERS therefore pray that Your Honour may be
pleased to grant Letters Patent constituting your peti-
tioners and the persons who have become subscribers
to the Memorandum of Agreement and such other per-
sons as may become shareholders in the company, a
body corporate and politic for the due carrying out of
the undertaking.

And your petitioners, as in duty bound, will ever
pray, etc.

Dated at.....this.....day of....., 19 .

Signatures of witnesses	Signatures of petitioners
	
	
	
	
	

FORM 2.

(Section 4 (3).)

(To be executed in duplicate; one duplicate to be deposited in the office of the Provincial Secretary.)

(Name of Company concluding with the word) (LIMITED.)

MEMORANDUM OF AGREEMENT AND STOCK-BOOK.

WE the undersigned hereby severally covenant and agree each with the others to become incorporated as a company under the provisions of *The Companies Act* under the name of.....
 (LIMITED), or such other name as the Lieutenant-Governor may give to the company, with a capital of.....dollars, divided into.....shares of.....dollars each.

AND WE hereby severally subscribe for and agree to take the respective amounts of the capital stock of the said company set opposite our respective names as hereunder written, and to become shareholders in such company to the said amounts.

Witness our hands and seals.

Name of Subscriber.	Seal	Amount of sub- scription.	Date and place of subscription.		Residence of Subscriber.	Name of Witness.
			Date.	Place.		

FORM 3.

(Section 6 (2).)

PETITION FOR INCORPORATION WITHOUT SHARE CAPITAL.

TO HIS HONOUR..... Etc.,
Lieutenant-Governor of the Province of Ontario:

THE PETITION OF
.....
.....
.....
.....
.....
Humbly sheweth as follows:-

1. Your petitioners are desirous of obtaining Letters Patent, under the provisions of *The Companies Act*, constituting your petitioners and such others as may become members of the corporation thereby created, a body corporate and politic without share capital, under the name of.....or such other name as shall appear to Your Honour to be proper.

2. Your petitioners have satisfied themselves that the corporate name under which incorporation is sought is not on any public ground objectionable, and that it is not that of any known company, incorporated or unincorporated, or of any partnership or individual, or any name under which any known business is being carried on, or so nearly resembling the same as to deceive.

3. Your petitioners have satisfied themselves that no public or private interest will be prejudicially affected by the incorporation of your petitioners.

4. Each of your petitioners is of the full age of twenty-one years.

5. The object for which incorporation is sought is to.....

6. The said
.....
are to be the provisional directors of the corporation.

7. Your petitioners have signed a memorandum of agreement in duplicate, setting out the purposes and objects of incorporation and provisions for administering the affairs of the corporation, and have undertaken that the said corporation shall be carried on without the purposes of gain for its members, and that any profits or other accretions to the corporation shall be used in promoting its objects.

YOUR PETITIONERS therefore pray that Your Honour may be pleased to grant Letters Patent constituting your petitioners and such others as have become subscribers to the Memorandum of Agreement and such persons as may thereafter become members of the corporation, a body corporate and politic for the due carrying out of the undertaking.

And your petitioners, as in duty bound, will ever pray,
etc.

Dated at.....this.....day of....., 19 ..

Signatures of witnesses.	Signatures of petitioner.
	
	
	
	
	

R.S.O. 1914, c. 178, Form 3.

FORM 4.

(Section 6 (3).)

Memorandum of Agreement of the.....
made, and entered into this.....day of....., 19 ..

1. We the undersigned hereby severally covenant and agree each with the others to become incorporated under the provisions of *The Companies Act* as a corporation without share capital for the purposes and objects following: (*Setting out the objects of the corporation.*)

2. The subscribers shall be the first members, and it shall rest with the directors to determine the terms and conditions on which subsequent members shall from time to time be admitted.

3. The following shall be the first directors of the corporation:—

4. The first directors shall hold office until the first general meeting, and unless otherwise provided by the members in general meeting the subsequent directors shall hold office for one year or until their successors are appointed.

5. Any member may transfer his interest in the corporation by instrument in writing, signed both by the transferor and transferee and duly registered with the corporation.

6. The first general meeting shall be held at such time, not being more than two months after incorporation, and at such place as the directors may determine.

7. Subsequent general meetings shall be held at such time and place as may be prescribed by the corporation in general meeting; and, if no other time or place is prescribed, a general meeting shall be held on the fourth Wednesday in January in every year, at such place as may be determined by the directors.

8. The directors may, whenever they think fit, and they shall upon a requisition made in writing by any five or more members, convene a general meeting.

9. The requisition shall express the object of the meeting proposed to be called, and shall be left at the office of the corporation.

10. Upon the receipt of such requisition the directors shall forthwith convene a general meeting, and, if they do not convene the same within twenty-one days of the receipt of the requisition, the

requisitionists or any other five members may themselves convene a meeting.

11. At least ten days' notice of any general meeting, specifying the place, the day, and the hour of meeting, and in case of special business the general nature of such business shall be given to the members in the manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the corporation in general meeting, but the non-receipt of such notice by any member shall not invalidate the proceedings at any general meeting.

12. If within one hour from the time appointed for the meeting a quorum of members is not present, the meeting, if convened upon the requisition of the members shall be dissolved. In any other case, it shall stand adjourned to the same day in the following week, at the same hour and place; and if at such adjourned meeting a quorum of members is not present, it shall be adjourned *sine die*.

13.—(1) The chairman (if any) of the directors shall preside as chairman at every general meeting of the corporation.

(2) If there is no such chairman, or if at any meeting he is not present, the members present shall choose one of their number to be chairman of the meeting.

14. The chairman may, with the consent of the meeting, adjourn it from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

15. At any general meeting, unless a poll is demanded, a declaration by the chairman that a resolution has been carried, and an entry to that effect in the minutes of proceedings of the corporation shall be sufficient evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

16. If a poll is demanded, the same shall be taken in such manner as the chairman directs, and the result shall be deemed to be the resolution of the corporation in general meeting.

17. With the consent in writing of all the members, a general meeting may be convened on shorter notice than ten days and in any manner which such members think fit.

18. The presence in person or by proxy of either at least thirty members or of one-fourth of the members shall be necessary to constitute a quorum at general meetings.

19. Until otherwise determined by special resolution, every member shall have one vote.

20. Votes may be given either personally or by proxy, and the instrument appointing a proxy shall be in writing under the hand of the appointer, or if such appointer is a corporation under its common seal, and shall be attested by at least one witness, and no person shall be appointed a proxy who is not a member of the corporation.

21. A resolution signed by all the directors shall be as valid and effectual as if it had been passed at a general meeting of the directors duly called and constituted.

22. The future remuneration of the directors, and their remuneration for services performed previously to the first general meeting shall be determined by the corporation in general meeting.

23. The affairs of the corporation shall be managed by the directors, who may pay all expenses of the incorporation and may exercise all such powers of the corporation as are not by *The Companies*

Act or by this memorandum required to be exercised by the corporation in general meeting, subject, nevertheless, to any regulations of this memorandum, to the provisions of that Act and to such regulations not inconsistent with such regulations or provisions as may be prescribed by the corporation in general meeting; but no regulation made by the corporation in general meeting shall invalidate any prior act of the directors which would have been valid if such regulation had not been made. The continuing directors may act notwithstanding any vacancy in their body.

24.—(1) The office of director shall be vacated:—

(a) If he holds any other office or place of profit under the corporation;

(b) If he is concerned in or participates in the profits of any contract with the corporation.

(2) No director shall vacate his office by reason of his being a shareholder or member of any corporation which has entered into any contract with or done any work for the corporation of which he is a director, but he shall not vote in respect of such contract or work, and if he votes his vote shall not be counted.

25. A retiring director shall be eligible for re-election.

26. If at any meeting at which an election of directors ought to take place the places of the vacating directors are not filled, the meeting shall stand adjourned till the same day in the next week, at the same hour and place and if at such adjourned meeting the places of the vacating directors are not filled, the vacating directors, or such of them as have not had their places filled shall continue in office until the ordinary meeting in the next year, and so on from time to time until their places are filled.

27. The corporation may, from time to time, in general meeting increase or reduce the number of directors, and may also determine in what rotation any such increased or reduced number is to go out of office.

28. Any casual vacancy occurring in the board of directors may be filled by the directors but any person so chosen shall retain his office so long as the vacating director would have retained the same if no vacancy had occurred.

29. The corporation in general meeting, by a resolution, of which notice has been given in the notice calling the meeting, may remove any director before the expiration of his period of office, and may, by resolution, appoint another person in his stead; the person so appointed shall hold office during such time as the director in whose place he was appointed would have held the same if he had not been removed.

30.—(1) The directors may meet for the despatch of business, adjourn, and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of business.

(2) Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote.

(3) A director may at any time summon a meeting of the directors.

31. The directors may elect a chairman of their meetings, and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present, the directors present shall choose one of their number to be chairman of the meeting.

32. The directors, by resolution entered upon the minutes, may delegate any of their powers to committees consisting of such member or members of their body as they think fit, and a committee so formed shall, in the exercise of its powers so delegated, conform to any regulations that may be imposed on it by the directors.

33. A committee may elect a chairman, and if no such chairman is elected, or if he is not present, the members present shall choose one of their number to be chairman of the meeting.

34. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the chairman shall have a second or casting vote.

35. All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such director or person so acting, or that they, or any of them, were disqualified, shall be as valid as if every such person had been duly appointed and was qualified to be a director; but it shall not be necessary to give notice of a meeting of the directors to a director who is not in Ontario.

In testimony whereof we have hereunto set our hands and affixed our seals.

R.S.O. 1914, c. 178, Form 4.

FORM 5.

(Section 104 (1).)

Statement in lieu of prospectus filed by
 pursuant to section 104. Limited,
 Presented for filing by
The Companies Act.

STATEMENT IN LIEU OF PROSPECTUS.

The nominal share capital of \$.....
 the company.

Divided into	Shares of \$	each.
	" "	"
	" "	"
	" "	"

Names, descriptions and addresses of directors or proposed directors.

Minimum subscription (if any) on which the company may proceed to allotment.

Number and amount of shares and debentures agreed to be issued as fully or partly paid-up otherwise than in cash. The consideration for the intended issue of those shares and debentures.	1.	shares of	fully
		paid.	
	2.	\$	shares upon which per share credited as paid.
	3.	debenture	\$
	4.	Consideration.	

Names and addresses of vendors of property purchased or acquired, or proposed to be purchased or acquired by the company. Amount (in cash, shares or debentures) payable to each separate vendor.

Amount, if any, paid or payable (in cash or shares or debentures) for any such property, specifying amount, if any, paid or payable for goodwill.	Total purchase price, \$
	Cash " " \$
	Shares " " \$
	Debentures " " \$
	Goodwill " " \$

Amount, if any, paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in the company or,	Amount paid
	" payable

Rate of commission	Rate per cent.
--------------------------	----------------

Estimated amount of preliminary expenses

Amount paid or intended to be paid to any promoter.	Name of promoter.
	Amount \$

Consideration for payment.	Consideration
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Dates of, and parties to every material contract (other than contracts entered into in the ordinary course of business intended to be carried on by the company or entered into more than two years before the filing of this statement).

Time and place at which the contracts or copies thereof may be inspected.

Names and addresses of the auditors of the company (if any).

Full particulars of the nature and extent of the interest of every director in the promotion of or in the property proposed to be acquired by the company, or, where the interest of such a director consists in being a partner in a firm,

the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares, or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.

Whether the articles contain any provisions precluding holders of shares or debentures receiving and inspecting balance sheets or reports of the auditors or other reports. Nature of the Provisions.

(Signatures of the persons above named as directors or proposed directors, or of their agents authorized in writing.)

.....

R.S.O. 1914, c. 178, Form 5.

FORM 6.

Instrument of Proxy.

(Section 53 (4).)

I _____ Company, Limited.
 a shareholder of _____
 hereby appoint _____ of _____ Company, Limited,
 (naming the proxy) as my proxy to vote for me and on my behalf _____
 at the _____ meeting of the company, to be
 held on the _____ day of _____, 19 _____ and at any
 adjournment thereof.

Dated this _____ day of _____, 19 _____

Note.—

(1) Where the appointor is a corporation or an officer of it the necessary changes must be made in the form.

(2) Where the instrument is signed by a corporation its common seal must be affixed.

R.S.O. 1914, c. 178, Form 6.
